

**City of Burton, Michigan**

**Comprehensive Annual Financial Report  
with Supplemental Information**

**June 30, 2008**

**Prepared By:  
Controller's Department**

**City of Burton, Michigan  
Year Ended June 30, 2008**

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**City of Burton, Michigan**  
**List of Elected and Appointed Officials**

**Elected Officials**

Charles H. Smiley.....Mayor

Tom Martinbianco ..... City Council - President

Duane Haskins..... City Council - Vice President

Tina Conley ..... City Council - Member

Ellen Ellenburg..... City Council - Member

Steve Heffner..... City Council - Member

Laurie Tinnin..... City Council - Member

Paula Zelenko ..... City Council - Member

**Appointed Officials**

Iris Piske..... Treasurer

Gayle Webster ..... Clerk

Diane Heidenberger..... Assessor

Douglas Halstead..... Fire Chief

John Benthall..... Police Chief



CHARLES H. SMILEY  
MAYOR

# City of Burton

4303 S. CENTER ROAD  
GENESEE COUNTY • BURTON, MICHIGAN 48519

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www.burtonmi.us

December 9, 2008

To the Honorable Members of the Burton City Council and  
Citizens of the City of Burton:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Burton for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City of Burton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Burton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Burton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Burton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Plante & Moran, PLLC, a firm of licensed certified public accountants have audited the City of Burton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burton for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit the independent auditor concluded that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City of Burton's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction,

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Michigan Municipal League Member*





overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Burton's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Burton, incorporated in 1972, is located in southeastern Genesee County, approximately 60 miles north of Detroit. The City of Burton occupies a land area of 23.5 square miles and serves a resident population of 30,308 with full municipal services. The City of Burton is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Burton has operated under the strong mayor-council form of government since 1972. Policy-making and legislative authority are vested in a government council consisting of seven council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing citizen advisory committees, and hiring both the government's auditor and attorney. The government's mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and appointing the city charter required administrative officers. The council is elected on a non-partisan at large basis and serves four-year staggered terms. Four council members are elected in one election cycle and three in the other election cycle. The mayor is elected on a non-partisan at large basis and serves a four-year term.

The City of Burton provides a full range of municipal services, including police and fire protection; construction and maintenance of streets, sanitation, water and sewer utilities, assessing, building inspection and code enforcement, recreational activities and events, and a Senior Citizen Activity Center.

The Council is required to adopt a final budget for the ensuing year no later than the second Monday in June. This annual budget serves as the foundation for the City of Burton's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., council). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments or from unappropriated funds, however, require the special approval of the City Council.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burton operates.

### *Local economy*

Many of Burton's residents work in the Flint metropolitan area and as a result are greatly impacted by the broader economic conditions of Genesee County. The Flint metropolitan area unemployment rate increased from 8.3% in June 2007 to 8.7% in June 2008. The unemployment rate in this area is at, or near the highest in the State of Michigan.

Vehicle related production makes up the largest share of manufacturing employment in the county. Employment at General Motors and SPO facilities has decreased dramatically in recent years. The ongoing downturn in the national economy has also greatly impacted the automotive industry, as well as other industries across the country. It will be the job of leaders from the public and private sectors to work closely with these employers to explore new product lines and new opportunities in the current economy.

In spite of these factors the City of Burton and Genesee County provides a strong economic base for development through an outstanding infrastructure of educational, health care and recreational facilities. Also, the availability of an excellent transportation network and all necessary public utilities add to the economic base of this area. Economic growth in Burton has slowed in these unfavorable conditions.

### *Long-term financial planning*

The City of Burton uses a Capital Improvements plan to identify short and long-range capital purchases required to maintain all of the basic, as well as complex, services that are available to the public through traditional financing mechanisms. This plan is formulated and updated during preliminary budget discussions between the Mayor and the Administrators and/or Department Heads it impacts. Capital purchases are identified based upon a perceived need. These items are then placed into the plan with a date that identifies when the item is to be completed, the estimated cost of the item, and potential financing sources. The identified purchases and corresponding completion dates must also be coordinated with the pressures of lost revenues and unfunded federal mandates.

### *Relevant financial policies*

The City of Burton's financial policies are largely dictated through provisions in the City Charter that dictate procedure of budget adoption, as well as ordinances that define purchasing policies. Many of the city's financial policies are also dictated through state law, which defines the amount and manner of revenue collection that the city receives by fund.

Significant portions of the budget expenditures are the result of payroll and related employee benefits, as well as post-employment benefits. The long-term cost of these items has been identified as the direct result of mandated accounting changes. These changes have required all units of government to account for post employment benefits that were previously being accrued, but were not identified as liabilities. The ability of governmental units to measure and meet the cost of long term financial commitments to

their employees will likely influence future labor contracts, as well as help to establish administrative benefit guidelines relating to them.

### **Major Initiatives**

On November 3, 2008 the City of Burton accepted a challenge and purchased 70 foreclosed lots in the Pebble Creek subdivision through a County auction. We accepted this challenge and purchased the lots for two reasons: 1) to protect our home values; and 2) to get these lots back on the tax rolls as quickly as we can. We are taking this challenge seriously by working together with city council and the community to come up with workable solutions that will benefit everyone involved. The City of Burton is also working with the public to see what their interests are in paying their utilities and/or taxes by way of credit card online or at City Hall. We are also looking at ways to improve our website. We continue to put forth our best efforts to keep our residents and businesses here in the City of Burton.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the twenty-fourth time, and the twenty-second consecutive year, that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published and easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Controller's Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

Respectfully submitted,



Charles H. Smiley  
Mayor



Karen D. Foster  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burton  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

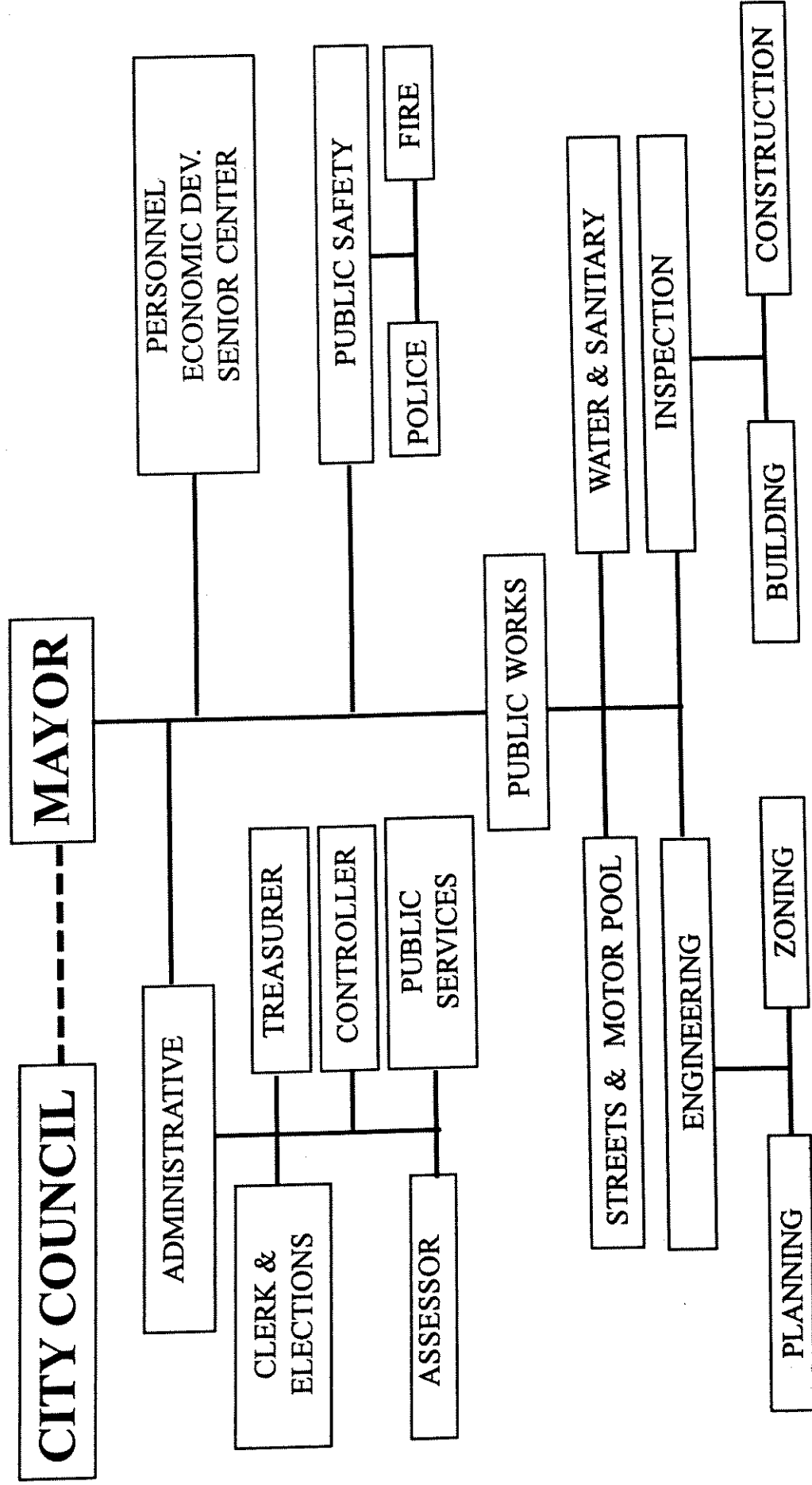
President

*Jeffrey R. Enner*

Executive Director

# CITY OF BURTON FUNCTIONAL ORGANIZATIONAL CHART

JUNE 30, 2007



## **Financial Section**

*Independent Auditors' Report*

Honorable Mayor and Members  
of the City Council  
City of Burton  
Burton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan, (City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Burton, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burton, Michigan's basic financial statements. The management's discussion and analysis, and the budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets and

combining statements of revenue, expenditures and changes in fund balance and capital asset and debt service schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Plante & Moran, PLLC*

December 9, 2008



## **Management's Discussion and Analysis**

## **Management's Discussion and Analysis**

This narrative section of the City of Burton's annual financial report provides discussion and analysis of the City's financial activities for the fiscal year ended June 30, 2008. This insight should be read to further enhance the understanding of the City's financial statements, which follows this section.

This analysis and discussion are part of the new accounting requirements and include comparative data from the different funds and activities of the City as well as current year and prior year comparisons.

### **Financial Highlights**

- ❖ The total assets for the City of Burton are \$99,969,291 comprised of \$72,650,078 in capital assets and \$27,319,213 in other assets. Total liabilities are \$14,382,840 comprised of \$11,040,836 in long-term debt and \$3,342,004 in other debt.
- ❖ The total net assets for the City are \$85,586,451. Of this amount, \$15,662,805 is unrestricted and available for any City activity. The net assets increased \$708,988 from the prior year; \$677,544 from governmental activities and \$31,444 from business-type activities.
- ❖ Revenues including taxes, other revenues and net other financing sources for the primary government's governmental funds amounted to \$14,768,445. Expenditures of \$15,631,412 over revenues and other sources by \$862,967 mainly due to major and local street projects.
- ❖ The combined fund balance at June 30, 2008 for the City's governmental funds was \$7,582,941. This was a decrease of \$862,967 from the prior year.
- ❖ General Fund revenues exceeded expenditures and other sources by \$218,233, causing the General Fund's fund balance to increase accordingly to stand at \$2,240,870.

### **Overview of the Financial Statements**

This discussion constitutes the first section or introduction to the financial statements, which includes three parts. They are government-wide financial statements, the fund financial statements, and the notes to the financial statements. In addition to the financial statements, other supplementary information is also provided.

- ❖ The government-wide financial statements provide a broad overview of the City of Burton financial status for both the long-term and short-term.
  - The statement of net assets and statement of activities focus on the overall financial health indicators of the City. Those indicators are further categorized as either governmental activities that are primarily supported by taxes and intergovernmental revenues or business type activities which are supported by user fees and charges.
  - Burton's governmental activities include such areas as general government, public safety, highways, and streets. The business-type activities include water and sewer.
- ❖ The remaining statements are fund financial statements that focus on individual segments of the City. They are narrower in scope and provide more detail than the government-wide statements.
  - Governmental funds such as the general fund and the major and local street funds focus on the financing of these areas in the short term and what remains for future spending.
  - Proprietary fund statements represent the City's water and sewer funds and show how these activities operate like businesses.
  - Fiduciary fund statements provide information about financial relationships, such as the retirement plan for certain City employees, where the City administers the fund for the benefit of others who have ownership to the assets.

Notes to the financial statements are also included to further explain some of the financial statements and provide more detailed data.

The final sections include other information. The required supplemental information would include such items as the City of Burton's progress in funding its pension obligations and budgetary compliance of major funds with adopted budgets. In addition, other discretionary information about the City has been provided that should further enhance the understanding of its operations.

Table 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Table 1 Major Features of the City of Burton, Michigan's  
Government-wide and Fund Financial Statements  
Fund Statements**

<b>Type of Statements</b>	<b><u>Government-wide</u></b>	<b><u>Governmental Funds</u></b>	<b><u>Proprietary Funds</u></b>	<b><u>Fiduciary Funds</u></b>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, major/local streets	Activities the City operates similar to private businesses: the water and sewer system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for some City employees
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## Government-wide Financial Analysis

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Current assets	\$ 14,949	\$ 13,864	\$ 13,476	\$ 13,455	\$ 28,425	\$ 27,319
Noncurrent assets	29,389	29,555	43,114	43,095	72,503	72,650
Total assets	44,338	43,419	56,590	56,550	100,928	99,969
Current liabilities	2,824	2,503	810	839	3,634	3,342
Long-term liabilities	10,366	9,091	2,050	1,950	12,416	11,041
Total liabilities	13,190	11,594	2,860	2,789	16,050	14,383
Net assets:						
Invested in capital assets - net of related debt	17,351	19,195	40,964	41,046	58,315	60,241
Restricted	11,048	9,381	303	302	11,351	9,683
Unrestricted	2,749	3,249	12,463	12,413	15,212	15,662
Total net assets	\$ 31,148	\$ 31,825	\$ 53,730	\$ 53,761	\$ 84,878	\$ 85,586

### Changes in Net Assets:

As mentioned earlier, net assets provide useful benchmarks in determining overall financial position. Net assets - the difference between the City's assets and liabilities - is one way to measure the City's financial health or position. The City of Burton's combined net assets are \$85,586,451. This compares to last year's total of \$84,877,463 which was an increase of \$708,988. This increase was due to aggregate governmental activity expenses being held below revenue sources.

Further review of the City's net assets indicates that they are divided into three parts. The largest part, \$60,240,194 (70%) is the investment in capital assets (land, buildings, machinery and equipment, and infrastructure) net of related debt which cannot be readily liquidated or available for future spending. The second part is restricted assets (\$9,683,452 or 11%), which can be used strictly for certain purposes, such as street improvements and debt service. Finally, the last part is unrestricted assets totaling \$15,662,805, which can be used for ongoing obligations or new activities.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

	<u>2007</u>	<u>2008</u>
Governmental Activities:		
Program revenues:		
Charges for services	\$ 2,860,195	\$3,017,184
Operating grants	2,885,207	3,026,807
Capital grants	1,318,559	976,866
General revenues:		
Property taxes	4,588,302	5,341,452
State shared revenue	2,565,859	2,566,449
Unrestricted grants and contributions	291,221	352,054
Unrestricted investment earnings	712,755	477,282
Gain on disposal of capital assets	13,310	5,958
Total revenues	15,235,408	15,764,052

	<u>2007</u>	<u>2008</u>
Program expenses:		
General government	\$ 1,837,845	\$ 1,956,552
Public service	1,987,506	2,033,848
Public safety	5,422,371	5,804,573
Public works	4,807,487	4,249,931
Parks and recreation	82,957	125,835
Planning	88,635	96,912
Health and welfare	63,710	372,116
Interest on debt	519,057	446,741
Total expenses	<u>14,809,568</u>	<u>15,086,508</u>
Increase in net assets before transfers	425,840	677,544
Special item – special assessment roll change	(259,861)	-
Transfers	<u>112,541</u>	<u>-</u>
Change in net assets	<u>\$ 278,520</u>	<u>\$ 677,544</u>

	<u>2007</u>	<u>2008</u>
Business-Type Activities:		
Program revenues:		
Charges for services	\$5,871,989	\$6,067,877
Capital grants and contributions	107,520	167,017
General revenues:		
Investment earnings	596,228	486,166
Transfers	(112,541)	-
Total revenues	<u>6,463,196</u>	<u>6,721,060</u>
Program expense:		
Water	3,155,517	3,287,721
Sewer	3,131,763	3,401,895
Total expenses	<u>6,287,280</u>	<u>6,689,616</u>
Change in net assets	<u>\$ 175,916</u>	<u>\$ 31,444</u>

In 2008, the increase in net assets is due 1) governmental activity expenses being held under revenues and 2) business-type activity charges for services and investment income over expenses.

### **Financial Analysis of the City's Funds**

The City ended the fiscal year with a total governmental funds fund balance of \$7,582,941. This was a decrease of \$862,967 over last year's fund balance of \$8,445,908. The main decrease was related to the Major Street Fund where street improvement project expenditures were made in 2008.

The City of Burton General Fund fund balance increased by \$218,233 to \$2,240,870.

General Fund's revenues came in approximately \$96,000 higher than budgeted. This increase was due to a decrease in state grant revenues, property taxes, and charges for services offset by increase in fines and forfeits, interest and miscellaneous.

General Fund's expenditures came in approximately \$234,000 less than budgeted. This is due to fringe benefits and salaries across departments below budget.

The only significant change between the original and amended budgets for the General Fund was the addition of capital outlay and legal expenses for the City hall and grounds.

The City's total governmental fund revenues and net other financing sources amounted to \$14,768,445. Property taxes and assessments comprised \$5,863,892 or 40%, intergovernmental (federal, state, and local) revenues amounted to \$5,554,891 or 37%, and all other revenue types amounted to \$3,349,662 or 20% of total governmental revenues.

Total governmental expenditures amounted to \$15,631,412 or 3% decrease over 2007.

The City has \$1.3 million in fund balance reserved for major and local streets. Major and local street expenditures decreased \$550,243 or 14% in 2008 due to a decrease in the number of new road construction projects.

Police Fund expenditures decreased \$111,467 due to a decrease in vehicle repairs, capital outlay, salaries and fringe benefit costs and information technology services.

Rubbish Collection and Disposal Fund expenditures increased \$24,623 due to the increase in the cost of the contract with the garbage collection contractor.

All other nonmajor governmental funds have a total of \$3.9 million in combined fund balance mainly reserved for debt service and capital projects.

### **Capital Asset and Debt Administration**

At June 30, 2008, the City of Burton's investment in capital assets for the governmental activities amounted to \$29,554,646 (net of depreciation) and business-type activities amounted to \$43,095,432 (net of depreciation). The investment in capital assets covers a broad variety of buildings, sewer and water system, machinery, equipment, roads, highways, bridges, and box culverts.

Additional information regarding the City's capital assets can be found in Note III.A.3 in Notes to the Financial Statements.

### **Long-Term Debt**

At June 30, 2008, the City had \$10,511,943 in long-term debt outstanding for governmental activities and \$2,050,000 in bonds outstanding for business-type activities. The annual debt service requirement was \$2,234,869 which was a \$112,937 increase from the previous year of \$2,121,932.

The City of Burton's limited tax special assessment bonds and water and sewer revenue bond issues both received A- bond ratings from Standard & Poor's. Transportation fund bonds issued by the City received an AA rating.

Additional information regarding the City's long-term debt can be found in Note III A. 6 of Notes to the Financial Statements.

### **Economic Factors and Next Year's Budgets and Rates**

As provided in the State of Michigan Truth in Taxation Act, the City's state equalized value can not increase beyond the cost of living index, except for new construction. Property taxes represent 36% of total governmental activities revenue.

## **Information Requests**

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors a general overview of the City's finances and provide further accountability of the financial transactions that take place. If you have questions about this report or need additional financial information, please contact the City of Burton Controller's Department, 4303 South Center Road, Burton, MI 48519.

## **Basic Financial Statements**



## **Government-Wide Financial Statements**

**City of Burton**  
**Statement of Net Assets**  
**June 30, 2008**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 6,784,633	\$ 11,012,448	\$ 17,797,081
Receivables (net of allowances for uncollectibles)	4,922,025	2,086,314	7,008,339
Due from other governmental unit:	1,363,528	-	1,363,528
Internal balances	250,179	(250,179)	-
Unamortized bond discount	-	20,247	20,247
Inventory	114,055	201,848	315,903
Prepaid items	429,838	81,885	511,723
Restricted assets:			
Cash and cash equivalents	-	302,392	302,392
Capital assets non depreciated	167,874	618,774	786,648
Capital assets (net of accumulated depreciation)	29,386,772	42,476,658	71,863,430
<b>Total assets</b>	<b>43,418,904</b>	<b>56,550,387</b>	<b>99,969,291</b>
<b>Liabilities</b>			
Accounts payable	494,038	182,754	676,792
Accrued liabilities	319,992	28,737	348,729
Deposits	183,448	-	183,448
Due to other governmental unit:	-	527,684	527,684
Unearned revenue	84,244	-	84,244
Noncurrent liabilities			
Current portion of debt	1,421,107	100,000	1,521,107
Long term portion of debt	9,090,836	1,950,000	11,040,836
<b>Total liabilities</b>	<b>11,593,665</b>	<b>2,789,175</b>	<b>14,382,840</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	19,194,762	41,045,432	60,240,194
Restricted for:			
Highways and streets	1,281,601	-	1,281,601
Revenue bond reserve	-	302,392	302,392
Debt service	8,099,459	-	8,099,459
Unrestricted	3,249,417	12,413,388	15,662,805
<b>Total net assets</b>	<b>\$ 31,825,239</b>	<b>\$ 53,761,212</b>	<b>\$ 85,586,451</b>

*The notes to financial statements are an integral part of this statement.*

Component Units	
Downtown Development Authority	Economic Development Corporation
\$ 142,620	\$ 3,774
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
142,620	3,774
7,746	-
-	-
-	-
-	-
-	-
-	-
7,746	-
-	-
-	-
-	-
134,874	3,774
<b>\$ 134,874</b>	<b>\$ 3,774</b>

**City of Burton**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 1,956,552	\$ 808,139	\$ -	\$ -
Public service	2,033,848	1,489,119	-	-
Public safety	5,804,573	351,128	114,268	-
Public works	4,249,931	368,798	2,643,538	976,866
Parks and recreation	125,835	-	34,386	-
Planning	96,912	-	-	-
Health and welfare	372,116	-	234,615	-
Interest on long term debt	446,741	-	-	-
Total governmental activities	15,086,508	3,017,184	3,026,807	976,866
Business-type activities				
Water	3,287,721	2,968,647	-	61,516
Sewer	3,401,895	3,099,230	-	105,501
Total business-type activities	6,689,616	6,067,877	-	167,017
Total primary government	<b>\$ 21,776,124</b>	<b>\$ 9,085,061</b>	<b>\$ 3,026,807</b>	<b>\$ 1,143,883</b>
<b>Component Units</b>				
Economic development corporation	\$ -	\$ -	\$ -	\$ -
Downtown development authority	18,606	-	-	-
Total component units	<b>\$ 18,606</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
General revenues				
Property taxes				
Unrestricted state shared revenues				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on disposal of capital assets				
Total general revenues and transfers				
<b>Excess of Revenue Over Expenses</b>				
Transfers				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

*The notes to financial statements are an integral part of this statement.*

Net (Expense) Revenue and Changes in Net Asset					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Economic Development Corporation	
\$ (1,148,413)	\$ -	\$ (1,148,413)	\$ -	\$ -	
(544,729)	-	(544,729)	-	-	
(5,339,177)	-	(5,339,177)	-	-	
(260,729)	-	(260,729)	-	-	
(91,449)	-	(91,449)	-	-	
(96,912)	-	(96,912)	-	-	
(137,501)	-	(137,501)	-	-	
(446,741)	-	(446,741)	-	-	
(8,065,651)	-	(8,065,651)	-	-	
-	(257,558)	(257,558)	-	-	
-	(197,164)	(197,164)	-	-	
-	(454,722)	(454,722)	-	-	
(8,065,651)	(454,722)	(8,520,373)	-	-	
-	-	-	-	-	
-	-	-	(18,606)	-	
-	-	-	(18,606)	-	
5,341,452	-	5,341,452	38,494	-	
2,566,449	-	2,566,449	-	-	
352,054	-	352,054	-	-	
477,282	486,166	963,448	-	20	
5,958	-	5,958	-	-	
8,743,195	486,166	9,229,361	38,494	20	
677,544	31,444	708,988	19,888	20	
-	-	-	-	-	
677,544	31,444	708,988	19,888	20	
31,147,695	53,729,768	84,877,463	114,986	3,754	
<b>\$ 31,825,239</b>	<b>\$ 53,761,212</b>	<b>\$ 85,586,451</b>	<b>\$ 134,874</b>	<b>\$ 3,774</b>	

## **Fund Financial Statements**

**City of Burton  
Balance Sheet  
Governmental Fund:  
June 30, 2008**

	General	Major Street	Local Street
<b>Assets</b>			
Cash and cash equivalents	\$ 1,106,056	\$ 186,362	\$ 761,751
Receivables (net of allowances for uncollectibles):			
Accounts	387,852	-	2,142
Special assessments	-	-	-
Accrued interest	-	-	490
Due from:			
Other funds	251,107	-	47,131
Other governments	811,333	376,628	88,585
Inventory	-	-	-
Prepaid items	429,838	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<b>\$ 2,986,186</b>	<b>\$ 562,990</b>	<b>\$ 900,099</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>			
Accounts payable	\$ 34,970	\$ 31,059	\$ 9,825
Accrued liabilities	46,381	12,402	15,333
Deposits	183,448	-	-
Due to other funds	480,517	88,147	24,722
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	745,316	131,608	49,880
	<hr/>	<hr/>	<hr/>
<b>Fund Balances</b>			
Reserved:			
Inventory	-	-	-
Prepaid items	429,838	-	-
Unreserved:			
General fund	1,811,032	-	-
Special revenue funds	-	431,382	850,219
Debt service funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	2,240,870	431,382	850,219
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<b>\$ 2,986,186</b>	<b>\$ 562,990</b>	<b>\$ 900,099</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*The notes to financial statements are an integral part of this statement.*

Police	Rubbish Collection and Disposal	Special Assessment Debt	Other Governmental Funds	Totals Governmental Funds
\$ 188,137	\$ -	\$ 3,571,299	\$ 428,866	\$ 6,242,471
-	-	-	52,625	442,619
-	-	4,279,661	-	4,279,661
-	-	196,776	-	197,266
107,620	95,234	-	75,956	577,048
86,982	-	-	-	1,363,528
6,159	-	-	-	6,159
-	-	-	-	429,838
<b>\$ 388,898</b>	<b>\$ 95,234</b>	<b>\$ 8,047,736</b>	<b>\$ 557,447</b>	<b>\$ 13,538,590</b>
\$ 92,882	\$ -	\$ -	\$ 276,600	\$ 445,336
232,277	-	-	10,750	317,143
-	-	-	-	183,448
52,426	-	-	4	645,816
-	-	4,279,662	84,244	4,363,906
377,585	-	4,279,662	371,598	5,955,649
6,159	-	-	-	6,159
-	-	-	-	429,838
-	-	-	-	1,811,032
5,154	95,234	-	134,126	1,516,115
-	-	3,768,074	51,723	3,819,797
11,313	95,234	3,768,074	185,849	7,582,941
<b>\$ 388,898</b>	<b>\$ 95,234</b>	<b>\$ 8,047,736</b>	<b>\$ 557,447</b>	<b>\$ 13,538,590</b>



**City of Burton  
Governmental Fund:  
Reconciliation of the Balance Sheet  
to the Statement of Net Assets  
Year Ended June 30, 2008**

Fund balances reported in governmental fund	\$	7,582,941
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities (exclusive of internal service funds) are not financial resources and, therefore, are not reported in the funds.		28,568,105
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Internal service funds are used by management to charge the costs of fleet management, self insured health care, and technology to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,701,986
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Long-term liabilities (exclusive of internal service funds), including bonds and contract payables, are not due and payable in the current period and therefore are not reported in the funds		
-Bonds payable		(10,060,000)
-Capital leases payable		(95,396)
-Compensated absences		(152,059)

Special assessment revenues to be received in the future are recognized at the government wide level due to being measurable and earned		4,279,662
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Net assets of governmental activities:	\$	<u><u>31,825,239</u></u>
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*The notes to financial statements are an integral part of this statement.*

**City of Burton**  
**Governmental Fund:**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2008**

	General	Major Street	Local Street
<b>Revenue</b>			
Property taxes	\$ 3,646,476	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	309,871	-	-
Intergovernmental:			
Federal	-	62,424	-
State	2,566,449	1,969,222	611,892
Local	-	-	-
Charges for services	427,368	-	-
Fines and forfeits	232,418	-	-
Interest	70,233	21,253	44,398
Miscellaneous	80,010	161	825
Total revenue	7,332,825	2,053,060	657,115
<b>Expenditures</b>			
Current			
General government	1,887,541	-	-
Public service	602,630	-	-
Public safety	747,224	-	-
Public works	-	936,880	1,091,698
Parks and recreation	64,459	-	-
Planning	96,912	-	-
Health and welfare	-	-	-
Capital outlay	-	880,089	266,348
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	3,398,766	1,816,969	1,358,046
<b>Excess of Revenue Over (Under) Expenditure</b>	3,934,059	236,091	(700,931)
<b>Other Financing Sources (Uses)</b>			
Sale of property and equipment	5,199	-	-
Transfers in	30,896	-	288,018
Transfers out	(3,751,921)	(551,368)	-
Total other financing sources (uses)	(3,715,826)	(551,368)	288,018
<b>Net Change in Fund Balances</b>	218,233	(315,277)	(412,913)
<b>Fund Balances- Beginning of year</b>	2,022,637	746,659	1,263,132
<b>Fund Balances -End of year</b>	<b>\$ 2,240,870</b>	<b>\$ 431,382</b>	<b>\$ 850,219</b>

*The notes to financial statements are an integral part of this statement.*

Police	Rubbish Collection and Disposal	Special Assessment Debt	Other Governmental Funds	Total Governmental Funds
\$ 1,539,613	\$ -	\$ -	\$ 155,363	\$ 5,341,452
-	-	522,440	-	522,440
-	-	-	78,102	387,973
114,268	-	-	14,693	191,385
-	-	-	-	5,147,563
-	-	-	215,943	215,943
56,978	1,489,119	-	83,515	2,056,980
159,667	-	-	-	392,085
12,987	8,239	303,203	10,553	470,866
-	-	-	35,178	116,174
1,883,513	1,497,358	825,643	593,347	14,842,861
-	-	-	-	1,887,541
-	1,431,218	-	-	2,033,848
4,766,020	-	-	323,413	5,836,657
-	-	-	-	2,028,578
-	-	-	-	64,459
-	-	-	-	96,912
-	-	-	372,115	372,115
143,082	-	-	29,843	1,319,362
-	-	980,001	575,000	1,555,001
-	-	283,975	152,964	436,939
4,909,102	1,431,218	1,263,976	1,453,335	15,631,412
(3,025,589)	66,140	(438,333)	(859,988)	(788,551)
-	-	-	-	5,199
3,108,738	-	1,383	923,377	4,352,412
(83,149)	-	(30,896)	(14,693)	(4,432,027)
3,025,589	-	(29,513)	908,684	(74,416)
-	66,140	(467,846)	48,696	(862,967)
11,313	29,094	4,235,920	137,153	8,445,908
<b>\$ 11,313</b>	<b>\$ 95,234</b>	<b>\$ 3,768,074</b>	<b>\$ 185,849</b>	<b>\$ 7,582,941</b>

**City of Burton  
Governmental Funds  
Reconciliation of the Statement of Revenue, Expenditure  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2008**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (862,967)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Outlay	2,494,420
Depreciation	(2,119,188)
Loss on disposal of capital assets	(4,942)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These are the effects of these differences in the treatment of long-term debt and related items:

Payments on general obligation debt	1,555,000
Payments on capital lease	43,646
Change in compensated absences	(17,364)

The net revenue of certain activities of internal service funds is reported with governmental activities	111,511
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Recognition of special assessment revenue on an accrual basis	(522,572)
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<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 677,544</u></b>
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*The notes to financial statements are an integral part of this statement.*

**City of Burton  
Proprietary Funds  
Statement of Net Assets  
June 30, 2008**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,251,975	\$ 9,760,473	\$ 11,012,448	\$ 542,162
Receivables:				
Accounts	-	760,003	760,003	2,479
Unbilled utility charges	573,086	634,337	1,207,423	-
Tap-in contracts - current	1,433	629	2,062	-
Accrued interest	-	45,838	45,838	-
Due from other funds	334,633	-	334,633	319,736
Unamortized bond discount	20,247	-	20,247	-
Inventory	191,649	10,199	201,848	107,896
Prepaid items	-	81,885	81,885	-
Total current assets	2,373,023	11,293,364	13,666,387	972,273
Noncurrent assets:				
Restricted cash and cash equivalents				
Revenue bond covenant accounts	302,392	-	302,392	-
Capital assets not being depreciated	33,238	585,536	618,774	10,050
Capital assets (net of accumulated depreciation)	15,561,243	26,915,415	42,476,658	976,491
Other assets:				
Tap-in contracts receivable - long-term	45,777	25,211	70,988	-
Total noncurrent assets	15,942,650	27,526,162	43,468,812	986,541
Total assets	18,315,673	38,819,526	57,135,199	1,958,814
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	182,554	200	182,754	48,702
Accrued liabilities	15,374	13,363	28,737	2,849
Due to other funds	24,962	559,850	584,812	789
Due to other governments	-	527,684	527,684	-
Capital lease payable-current	-	-	-	76,551
Contract payable - current	-	-	-	18,748
Bonds payable - current	100,000	-	100,000	-
Total current liabilities	322,890	1,101,097	1,423,987	147,639
Noncurrent liabilities				
Capital lease payable - long term	-	-	-	90,440
Contract payable - long term	-	-	-	18,749
Bonds payable - long term	1,950,000	-	1,950,000	-
Total noncurrent liabilities	1,950,000	-	1,950,000	109,189
Total liabilities	2,272,890	1,101,097	3,373,987	256,828
<b>Net Assets</b>				
Invested in capital assets, net of related debt	13,544,481	27,500,951	41,045,432	782,053
Restricted for revenue bond reserve	302,392	-	302,392	-
Unrestricted	2,195,910	10,217,478	12,413,388	919,933
Total net assets	<b>\$ 16,042,783</b>	<b>\$ 37,718,429</b>	<b>\$ 53,761,212</b>	<b>\$ 1,701,986</b>

*The notes to financial statements are an integral part of this statement.*

**City of Burton**  
**Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Asset**  
**For the Year Ended June 30, 2008**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
<b>Operating Revenue</b>				
Charges for services	\$ 2,855,743	\$ 3,095,334	\$ 5,951,077	\$ 2,240,183
Fines and forfeits	97,381	3,360	100,741	-
Sales of materials	8,544	-	8,544	204,936
Miscellaneous	6,979	536	7,515	1,044
<b>Total operating revenue</b>	<b>2,968,647</b>	<b>3,099,230</b>	<b>6,067,877</b>	<b>2,446,163</b>
<b>Operating Expenses</b>				
Personal services	603,528	490,752	1,094,280	296,195
Contractual services	68,007	93,028	161,035	97,950
Supplies	55,874	80,908	136,782	322,016
Materials	179,829	-	179,829	187,187
Repairs	-	20,285	20,285	160,182
Equipment rental	97,067	51,172	148,239	-
Utilities	14,028	-	14,028	569
Water purchases	1,810,276	-	1,810,276	-
Treatment charges	-	2,256,136	2,256,136	-
Depreciation	330,937	403,846	734,783	275,115
Insurance	-	-	-	896,561
Claims	-	-	-	173,896
Miscellaneous	22,613	5,768	28,381	2,098
<b>Total operating expenses</b>	<b>3,182,159</b>	<b>3,401,895</b>	<b>6,584,054</b>	<b>2,411,769</b>
<b>Operating Income (Loss)</b>	<b>(213,512)</b>	<b>(302,665)</b>	<b>(516,177)</b>	<b>34,394</b>
<b>Nonoperating Revenue (Expenses)</b>				
Interest on investments	51,873	426,046	477,919	6,416
Interest on tap-ins	6,760	1,487	8,247	-
Interest expense and fiscal charges	(103,875)	-	(103,875)	(9,673)
Discount on revenue bonds	(1,687)	-	(1,687)	-
Gain on sale of capital assets	-	-	-	759
<b>Total non-operating revenues (expenses)</b>	<b>(46,929)</b>	<b>427,533</b>	<b>380,604</b>	<b>(2,498)</b>
<b>Income (Loss) - Before contributions and transfers</b>	<b>(260,441)</b>	<b>124,868</b>	<b>(135,573)</b>	<b>31,896</b>
Capital contributions	61,516	105,501	167,017	-
Transfers in	-	-	-	93,111
Transfers out	-	-	-	(13,496)
<b>Change in Net Assets</b>	<b>(198,925)</b>	<b>230,369</b>	<b>31,444</b>	<b>111,511</b>
<b>Net Assets - Beginning of year</b>	<b>16,241,708</b>	<b>37,488,060</b>	<b>53,729,768</b>	<b>1,590,475</b>
<b>Net Assets - End of year</b>	<b>\$ 16,042,783</b>	<b>\$ 37,718,429</b>	<b>\$ 53,761,212</b>	<b>\$ 1,701,986</b>

*The notes to financial statements are an integral part of this statement.*

**City of Burton  
Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2008**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 2,834,498	\$ 5,382,047	8,216,545	\$ 2,318,990
Payments to suppliers	(2,325,848)	(4,561,120)	(6,886,968)	(1,890,404)
Payments to employees	(601,113)	(488,211)	(1,089,324)	(295,823)
Other operating revenues	112,904	3,896	116,800	205,980
Net cash provided by (used in) operating activities	20,441	336,612	357,053	338,743
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in	-	-	-	93,111
Transfers out	-	-	-	(13,496)
Net cash provided by (used in) noncapital financing activities	-	-	-	79,615
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital contributions	77,762	108,750	186,512	-
Acquisition and construction of capital assets	(114,099)	(601,747)	(715,846)	(76,530)
Proceeds from sale of capital assets	-	-	-	6,390
Interest payments on long term debt	(103,875)	-	(103,875)	-
Principal payments on bonds	(100,000)	-	(100,000)	-
Payments on installment note payable	-	-	-	(50,413)
Payments on capital lease	-	-	-	(28,833)
Interest paid on capital lease	-	-	-	(9,673)
Net cash used in capital and related financing activities	(240,212)	(492,997)	(733,209)	(159,059)
<b>Cash Flows from Investing Activities</b>				
Interest on investments	57,050	429,287	486,337	6,416
Interest on tap-ins	6,760	1,487	8,247	-
Net cash provided by investing activities	63,810	430,774	494,584	6,416
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(155,961)	274,389	118,428	265,715
<b>Cash and Cash Equivalents - Beginning of year</b>	1,710,328	9,486,084	11,196,412	276,447
<b>Cash and Cash Equivalents - End of year (including \$302,392 reported in restricted accounts in Water Fund)</b>	<b>\$ 1,554,367</b>	<b>\$ 9,760,473</b>	<b>\$ 11,314,840</b>	<b>\$ 542,162</b>

**Reconciliation of Operating Income (Loss) to Net Cash**

*The notes to financial statements are an integral part of this statement.*

(continued)

**City of Burton**  
**Proprietary Funds**  
**Statement of Cash Flows (continued)**  
**Year Ended June 30, 2008**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
<b>from Operating Activities</b>				
Operating Income (Loss)	\$ (213,512)	\$ (302,665)	\$ (516,177)	\$ 34,394
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	330,937	403,846	734,783	275,115
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	2,517	(56,129)	(53,612)	(721)
(Increase) decrease in unbilled utility charges	67,421	86,706	154,127	78,814
Increase in prepaids	-	(81,885)	(81,885)	-
(Increase) decrease in due from other funds	(91,183)	-	(91,183)	(38,914)
(Increase) decrease in inventory	(60,617)	(1,435)	(62,052)	(3,857)
Increase (decrease) in accounts payable	(19,588)	(14,526)	(34,114)	372
Increase (decrease) in accrued liabilities	2,415	2,541	4,956	(6,460)
Increase (decrease) in due to other funds	2,051	242,369	244,420	-
Increase (decrease) in due to other governments	-	57,790	57,790	-
Total adjustments	233,953	639,277	873,230	304,349
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 20,441</b>	<b>\$ 336,612</b>	<b>\$ 357,053</b>	<b>\$ 338,743</b>

*The notes to financial statements are an integral part of this statement.*



**City of Burton  
Fiduciary Funds  
Statement of Fiduciary Net Assets  
June 30, 2008**

	Retiree Health Care Benefits Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents		
Bank deposits	\$ -	\$ 141,553
Money market funds	75,104	-
Investment:		
Stocks	739,627	-
Bonds	161,890	-
Government securities	306,385	-
Accounts receivable	1,021	-
	<u>1,284,027</u>	<u>141,553</u>
Total assets		
<b>Liabilities</b>		
Accounts payable	15	141,553
	<u>15</u>	<u>141,553</u>
Total liabilities		
<b>Net Assets Held in Trust for Other Post-Employment Benefits</b>	<b><u>\$ 1,284,012</u></b>	<b><u>\$ - 0 -</u></b>

*The notes to financial statements are an integral part of this statement.*

**City of Burton  
Fiduciary Funds  
Statement of Changes in Fiduciary Net Asset  
For the Year Ended June 30, 2008**

	Retiree Health Care Benefits Trust Fund
<b>Additions</b>	
Investment income	
Interest and dividends	\$ 39,312
Net increase (decrease) in fair value of investment	(113,116)
	<u>(73,804)</u>
Net investment income	
Contributions:	
Employer	<u>269,083</u>
<b>Deductions</b>	
Benefit payments	149,179
Administrative expenses	<u>12,206</u>
	<u>161,385</u>
<b>Net Increase (Decrease) in Net Assets Held in Trust</b>	33,894
<b>Net Assets Held in Trust for Other Post-Employment Benefit</b>	
Beginning of year	<u>1,250,118</u>
End of year	<u><u>\$ 1,284,012</u></u>

*The notes to financial statements are an integral part of this statement.*

## **Notes to Financial Statements**

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**I. Summary of Significant Accounting Policies**

The accounting policies of the City of Burton, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Burton, Michigan.

**A. Reporting entity:**

The City of Burton was incorporated April 6, 1972, under the provisions of Act 279, P.A. 1980, as amended (Home Rule City Act). The City operates a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire, and inspections), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities in substance, they are part of the City's operations. Each discretely component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

**Blended Component Units**

City of Burton Building Authority: (Debt Service Governmental Fund)

- \* Serves all citizens
- \* The City appoints the governing board
- \* The Authority was established for the specific purpose of financing building construction activities for the City

**Discretely Presented Component Units**

City of Burton Downtown Development Authority (DDA): (Governmental Activity )

- \* Was created under State law to promote and develop the downtown area
- \* City appoints governing board
- \* City approves budget of Authority
- \* City must approve any tax levy of the Authority
- \* Surplus funds existing at termination of Authority vest to the City

City of Burton Economic Development Corporation (EDC): (Governmental Activity)

- \* Was created under State law to provide financing and development opportunities for businesses located within the City
- \* The City appoints the governing board and management of the Corporation
- \* The City provides in-kind contributions to the Corporation
- \* Surplus funds existing at the termination of the Corporation vest to the City

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**I. Summary of Significant Accounting Policies (Continued)**

**A. Reporting entity (continued):**

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Burton Downtown Development Authority  
4303 S. Center Road  
Burton, Michigan 48519

Burton Economic Development Corporation  
4303 S. Center Road  
Burton, Michigan 48519

The Burton Building Authority did not issue separate financial statements at June 30, 2008.

**B. Government-wide and fund financial statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation:**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund, fiduciary fund and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be *available* if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight revenue, and interest associated with the current fiscal period. Conversely, special assessments and

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**I. Summary of Significant Accounting Policies (Continued)**

C. Measurement focus, basis of accounting, and financial statement presentation (continued):

federal grants reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a “deferred revenue” liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major and Local Street Funds account for the operations of the City's street maintenance department. Financing for the activities of these funds is provided primarily by State Gasoline Taxes (Act 51 Funds). Use of Act 51 funds is restricted with certain exceptions to defraying the cost of maintaining major and local streets in the City.

The Police Fund accounts for revenues generated by the extra voted police millage. An additional one mill was levied, beginning in 1984 and 2007, against the real and personal property in the City of Burton for the purpose of providing funds for the operation of the City of Burton Police Department.

The Rubbish Collection and Disposal Fund accounts for the customer charges which are to be used to pay contracted services for rubbish collection.

The Special Assessment Debt Service Fund accounts for money accumulated for the repayment of special assessment debt with governmental commitment. The debt is paid with collections of special assessments levied on specific properties. The City has pledged its limited tax full faith and credit for repayment of the bonds should any defaults on the collections occur. There are five types of special assessment activities which are: paving improvements, watermain improvements, storm drainage improvements, sanitary sewer improvements, and sidewalk improvements.

The City reports the following major proprietary funds:

The Water Supply and Sewer Disposal System are managed by the City’s Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage collection, pumping and distribution to the County’s treatment plant.

Additionally, the City reports the following internal service and fiduciary activities:

Internal service funds account for self insurance, motor pool services and technology provided to other departments of the City on a cost reimbursement basis.

The City reports a Retiree Health Care Trust Fund to account for the segregation of resources to pay for these benefits.

The Agency Funds account for the collection and payment to the county, school districts, and other City funds of property taxes collected by the City on their behalf.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**I. Summary of Significant Accounting Policies (Continued)**

C. Measurement focus, basis of accounting, and financial statement presentation (continued):

Private sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available the City's policy to first apply restricted resources.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Property tax revenue:

Property taxes attach as an enforceable lien on property as of December 31. City taxes are levied on the following July 1 and are payable without penalty through September 30. The City bills and collects its own property taxes, and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of the County and school taxes are accounted for in the Current Tax Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are measurable and available.

Property taxes are levied based on assessed values of property located in the City. Assessed values are established and equalized by the state at an estimated 50% of current market value. A comparison of assessed and taxable property values for the 2007 tax levy is as follows:

	<u>Assessed Value</u>	<u>Taxable Value</u>
Real property	\$875,050,602	\$721,500,186
Personal property	53,888,188	53,888,188
Total	<u>\$928,938,790</u>	<u>\$775,388,374</u>

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**I. Summary of Significant Accounting Policies (Continued)**

**D. Property tax revenue (continued):**

The City is permitted by charter to levy up to \$5.00 (5 mills) per \$1,000 of state equalized value for general governmental services and \$2.00 (2 mills) per \$1,000 for development of the downtown district (DDA - a component unit). For the year ended June 30, 2008, the City and the DDA levied 4.7070 mills for general government services and 1.8877 mills for development of the downtown district, respectively. Beginning in 1984, the voters approved an additional levy of \$1.00 (1 mill) per \$1,000 of state equalized value to be levied for police services. For the year ended June 30, 2008, the City levied .9876 mills for police services. The police millage was approved in November 2003 for another 20 years starting with the 2005 tax levy. In July 2007, an additional levy of \$1.00 (1 mill) per \$1,000 of state equalized value to be levied for police services starting with the 2007 levy. For the year ended June 30, 2008, \$.65 per \$1,000 of state equalized valuation was being levied for debt retirement. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

**E. Assets, liabilities, and net assets or equity:**

**1. Bank deposits, and investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**2. Receivables and Payables**

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**3. Inventory and prepaid items**

Inventories are valued at cost for governmental funds, and the lower of cost or market in proprietary funds, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Restricted assets**

The revenue bonds of the Enterprise Funds require amounts to be set aside for a bond reserve. These amounts have been classified as restricted assets.



**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**I. Summary of Significant Accounting Policies (Continued)**

E. Assets, liabilities, and net assets or equity (continued):

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All infrastructure assets acquired prior to the implementation of SGAS 34 have been reported. Capital assets are defined by the City as assets with an initial individual cost of more than \$750 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Land and building improvements	15-30
Sewer and water system	65-100
Vehicles	5
Office equipment	5
Machinery and equipment	7
Federal grant equipment	5
Streets, drains, bridges, signals	20-50

6. Accumulated unpaid vacation and sick pay

All City employees are paid for unused sick days on an annual basis. Employees are required to take a minimum number of vacation days by December 31. The remaining available days are paid to the employee the following January.

Accumulated vested unpaid sick and vacation pay at June 30, 2008, is recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded in the governmental funds (generally within General Fund, Major and Local Street Special Revenue Funds, and Police Millage Special Revenue Funds) only if they have matured, for example, as a result of employee resignations and retirements.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**I. Summary of Significant Accounting Policies (Continued)**

E. Assets, liabilities, and net assets or equity (continued):

7. Long-term obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Comparative data reclassifications

Comparative total data for the prior year has been presented in the other supplementary information section of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**II. Stewardship, Compliance and Accountability**

A. Construction code fees

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed revenues. The City chose to include the revenues and expenditures in a separate fund. The activity related to construction code activity for the year ended June 30, 2008 is as follows:

Beginning cumulative expenditures over revenues		\$ (454,830)
Construction permit revenue	\$ 89,957	
Expenditures:		
Professional services	<u>245,273</u>	
Revenue under expenditures		<u>(155,316)</u>
Ending cumulative expenditures over revenues		<u><u>\$(610,146)</u></u>

**III. Detail Notes on All Funds**

A. Assets and liabilities:

1. Deposits and investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The retiree health fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The City has designated three banks for the deposit of its funds, Citizens Bank, JP Morgan Chase Bank, and Bank of America. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized all investments as listed above. The City's deposits and investment policies are in accordance with statutory authority.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

1. Deposits and investments (continued)

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$10,816,543 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Component units:

The City's total component unit bank deposits are \$3,774, all of which are insured and collateralized.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. gov. or agency bond or notes (Retiree Health Care)	\$306,385	Counterparty's trust dept
Corporate bonds (Retiree Health Care)	161,890	Counterparty's trust dept
Corporate stocks (Retiree Health Care)	739,627	Counterparty's trust dept

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. As of June 30, 2008, the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1 - 10 Years</u>	<u>More than 10 Years</u>
U.S. gov. or agency bond or notes	\$306,385	\$ -	\$247,861	\$58,524
Corporate Bonds	161,890	-	161,890	-
	<u>\$468,275</u>	<u>\$ -0-</u>	<u>\$409,751</u>	<u>\$58,524</u>

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

1. Deposits and investments (continued)

Interest rate risk (continued):

The balances in the U.S. Agencies, Corporate Bonds and Corporate Equities are held by the Retiree Health Care Special Revenue Fund adopted by the City in accordance with P.A. 149 of 1999 of the State of Michigan.

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pool	\$7,967,046	Not rated	-
Corp. bonds	19,137	AAA	S & P
Corp. bonds	20,617	AA	S & P
Corp. bonds	21,897	AA-	S & P
Corp. bonds	81,828	A+	S & P
Corp. bonds	18,411	A	S & P

Component unit:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pool	\$142,620	Not rated	-

Concentration of credit risk:

The City places no limit on the amount the district may invest in any one issuer. The City has no investment in one issuer that is more than 5 percent of the City's investments.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

2. Receivables

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General</u>	<u>Local Street</u>	<u>Police</u>	<u>Rubbish Collection and Disposal</u>	<u>Special Assessment Debt</u>
Receivables:					
Accounts	\$387,852	\$ 2,142	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	4,279,661
Interest	-	490	-	-	196,776
Gross and net receivables	<u>\$387,852</u>	<u>\$ 2,632</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$4,476,437</u>

	<u>Nonmajor Other Funds</u>	<u>Internal Service</u>	<u>Total</u>
Receivables - (continued):			
Accounts	\$ 52,625	\$ 2,479	\$ 445,098
Special assessments	-	-	4,279,661
Interest	-	-	197,266
Gross and net receivables	<u>\$ 52,625</u>	<u>\$ 2,479</u>	<u>\$4,922,025</u>

No allowance for uncollectible accounts was deemed necessary for the outstanding receivables.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments not yet due	\$4,279,662	\$ -
Senior citizens millage revenue	-	84,244

Business Type Activities:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:			
Accounts - All types	\$620,296	\$1,420,180	\$2,040,476
Interest	-	45,838	45,838
Gross and net receivable	<u>\$620,296</u>	<u>\$1,466,018</u>	<u>\$2,086,314</u>

No allowance for uncollectible accounts was deemed necessary.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

3. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

***Primary Government***

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 167,874	\$	\$ -	\$ 167,874
Total capital assets, not being depreciated	167,874	-	-	167,874
Capital assets, being depreciated:				
Buildings	6,062,057	34,240	-	6,096,297
Improvements other than buildings	1,061,872	1,950	-	1,063,822
Machinery, vehicles, and equipment	7,876,218	394,958	(38,859)	8,232,317
Infrastructure	37,960,260	2,139,803	(1,072,757)	39,027,306
Total capital assets being depreciated	52,960,407	2,570,951	(1,111,616)	54,419,742
Less accumulated depreciation for:				
Buildings	3,243,224	173,903	-	3,417,127
Improvements other than buildings	559,943	48,836	-	608,779
Machinery, vehicles, and equipment	5,091,900	500,551	(28,284)	5,564,167
Infrastructure	14,844,644	1,671,013	(1,072,760)	15,442,897
Total accumulated depreciation	23,739,711	2,394,303	(1,101,044)	25,032,970
Total capital assets, being depreciated, net	29,220,696	176,648	(10,572)	29,386,772
Governmental activities capital assets, net	<u>\$29,388,570</u>	<u>\$ 176,648</u>	<u>\$ (10,572)</u>	<u>\$29,554,646</u>

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

3. Capital assets (continued)

*Primary Government (continued)*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	218,543	400,231	-	618,774
Total capital assets, not being depreciated	218,543	400,231	-	618,774
Capital assets, being depreciated:				
Improvements other than buildings	57,220,488	119,339	-	57,339,827
Machinery and equipment	550,877	196,277	-	747,154
Total capital assets, being depreciated	57,771,365	315,616	-	58,086,981
Less accumulated depreciation for:				
Improvements other than buildings	14,452,273	693,703	-	15,145,976
Machinery and equipment	423,267	41,080	-	464,347
Total accumulated depreciation	14,875,540	734,783	-	15,610,323
Total capital assets, being depreciated, net	42,895,825	(419,167)	-	42,476,658
Business-type activities capital assets, net	\$43,114,368	\$(18,936)	\$ -0-	\$43,095,432

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Current:

General government	\$ 201,128
Public service	1,671,013
Public safety	200,363
Public works	275,115
Parks and recreation	46,684

Total depreciation expense - Governmental activities	<u>\$2,394,303</u>
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Business-type activities:

Water	\$ 330,937
Sewer	403,846

Total depreciation expense - Business-type activities	<u>\$ 734,783</u>
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**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

3. Capital assets (continued)

Construction commitments:

The government has active construction projects as of June 30, 2008. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and bridges. At year end the government's commitments with contractors was not significant.

The special assessment portion of the commitment for residential street construction is being financed by special assessment bonds that will be repaid by the benefiting property owners.

Construction in progress represents water and sewer utility lines being completed. At year end, there are no unrecorded liabilities or material commitments related to these construction projects.

4. Retirement plan - Defined benefit

Plan description

The City of Burton has elected to participate in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer pension plan that covers all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

Effective dates for participation in the plan differ by employee bargaining group. The effective dates are as follows:

March 1, 1992 - AFSCME Hourly Employees and Administrative/Non-union

July 1, 1996 - Police Union (POAM and COAM) and Supervisors Union (SEIU)

Upon the effective date for each respective bargaining group, all full time employees of the City are eligible to participate in the plan.

Membership in the plan at December 31, 2007, the date of the latest actuarial valuation, is comprised of 102 active members, 13 inactive vested members, and 50 retirees and beneficiaries.

The plan provides for vesting of benefits after 10 or 6 years of service. Participants may elect normal retirement at age 60 with 6 or more years of service. The plan also provides for early retirement at 25 years service, and age 55 with 15 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of all four groups are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 2.25% or 2.5% of the member's final average compensation (F.A.C.). The retirement allowance is reduced by 1/2% of 1% for each complete month that the retirement date precedes the age at which full normal retirement benefits are available.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

4. Retirement plan - Defined benefit (continued)

Funding policy

The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. AFSCME Union employees are required to contribute 5.04% of eligible compensation and Police Unions (POAM and COAM) are required to contribute 6.49% of eligible compensation. The other employee groups are not required to contribute to the plan. The City makes employer contributions in accordance with funding requirements determined by MERS' actuary. Benefit provisions and contribution obligations have been established by union contract.

The City forwarded \$182,740 of pension contributions withheld from employees during the year ended June 30, 2008.

Actuarial assumptions

The significant actuarial assumptions used to compute the actuarial accrued liabilities are as follows:

Valuation date	December 31, 2007
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	30 years open
Asset valuation method	10 year smoothed market
Investment rate of return	8.12 %
Projected salary increases	4.5%
Includes inflation at	4.5%
Cost of living adjustments (COLA)	up to 2.5%

Annual pension cost

The City's Annual Required Contribution (ARC) and Annual Pension Cost (APC) for the year ended June 30, 2008 was \$1,326,288. All employer contributions made were equal to required contributions by MERS. There was no accumulated Net Pension Obligation (NPO) at June 30, 2008. The Annual Pension Cost (APC), percentage of APC contributed, and Net Pension Obligation (NPO) for the years ended June 30, 2008, 2007, and 2006 are summarized as follows:

**Pension Plan**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Liability Entry Age (AAL) (b)	Actuarial Accrued AAL (UAAL) (b-a)	Unfunded (Over funded) Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c)
12/31/05	\$13,845,736	\$30,641,070	\$16,795,334	45.2%	\$4,351,507	385.3%
12/31/06	15,212,229	32,628,125	17,415,896	46.6	4,572,971	380.0
12/31/07	16,772,786	35,333,531	18,560,745	47.5	4,672,549	397.2

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

4. Retirement plan - Defined benefit (continued)

Annual pension cost (continued)

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$1,107,569	100.0%	\$ -
2007	1,271,532	100.0	-
2008	1,326,288	100.0	-

5. Leases

Capital Leases - The City has entered into lease agreements for financing the purchase of 2 fire engines at a cost of \$396,402 and 3 DPW vehicles at a cost of \$274,433. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2009	\$ 90,590
2010	90,589
2011	38,507
2012	38,506
2013	<u>38,506</u>
Total minimum lease payments	296,698
Less amount representing interest	<u>34,311</u>
Present Value	<u><u>\$262,387</u></u>

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

6. Long-term debt

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Government Activities</b>					
Bonds payable:					
General obligation bonds	\$ 3,300,000	\$ -	\$ (575,000)	\$2,725,000	\$ 275,000
Special assessment debt with government commitment	8,315,000	-	(980,000)	7,335,000	880,000
Total bonds payable	11,615,000		(1,555,000)	10,060,000	1,155,000
Capital leases	334,864	-	(72,477)	262,387	76,551
Installment purchase agreement	87,910	-	(50,413)	37,497	37,497
Compensated absences (accrued liabilities)	134,695	152,059	(134,695)	152,059	152,059
Governmental activity long-term liabilities	<u>\$12,172,469</u>	<u>\$152,059</u>	<u>\$(1,812,585)</u>	<u>\$10,511,943</u>	<u>\$1,421,107</u>
<b>Business-type Activities</b>					
Bonds payable:					
Revenue bonds	\$2,150,000	\$ -	\$(100,000)	2,050,000	\$100,000
Total bonds payable	2,150,000	-	(100,000)	2,050,000	100,000
Business-type activity: Long-term liabilities	<u>\$2,150,000</u>	<u>\$ -0-</u>	<u>\$(100,000)</u>	<u>\$2,050,000</u>	<u>\$100,000</u>

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

6. Long-term debt (continued)

General obligation debt and accrued liabilities:

The Act 51 debt is backed by future intergovernmental Act 51 funds and other general funds of the City. Significant details regarding the City's obligations under this program, and details regarding other long-term accrued liabilities, are as follows:

General Obligation Debt	Final Payment Due	Interest Rate or Range	Annual Principal Payment Varies Between	Outstanding Balance June 30, 2008	Amount Due in One Year
Michigan Act 51 Transportation Bonds - 1998 Series	Feb 1, 2013	4.0 – 4.8%	\$200,000-250,000	\$1,200,000	\$200,000
Building Authority Bonds Series 2002	April 1, 2021	4.1-5.0	75,000-150,000	<u>1,525,000</u>	75,000
				2,725,000	
Installment agreement - BS&A Software	June 30, 2009	0.00	37,497	37,497	37,497
Accumulated vacation and sick pay				<u>152,059</u>	
				<u>\$2,914,556</u>	

Debt Service Requirements:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year ended 6-30-2009	\$ 436,509	\$ 312,497	\$124,012
6-30-2010	436,525	325,000	111,525
6-30-2011	421,575	325,000	96,575
6-30-2012	431,425	350,000	81,425
6-30-2013	416,500	350,000	66,500
6-30-2014 to 6-30-2018	858,000	650,000	208,000
6-30-2019 to 6-30-2021	<u>494,250</u>	<u>450,000</u>	<u>44,250</u>
	<u>\$3,494,784</u>	<u>\$2,762,497</u>	<u>\$732,287</u>

Interest is payable on all bond obligations semi-annually, most generally on April 1 or June 1, October 1 or December 1, and August 1 or February 1. Principal installments are paid annually on February 1, April 1, June 1, or October 1. Capital lease payments are payable annually on October 20 and July 10.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

6. Long-term debt (continued)

Special assessment debt with governmental commitment:

The special assessment debt was issued to finance capital projects that will be repaid wholly from special assessments levied against benefited property owners. As of March 2008, there were \$520,414 in special assessments that were considered delinquent. These delinquent assessments were paid in full by the Genesee County Revolving Fund as of June 30, 2008. As additional security, the City has pledged either its limited or full faith and credit for the payment of the principal and interest thereon. Significant details regarding special assessment bonds are presented:

<u>Date of Issue</u>	<u>Final Payment Year Ended</u>	<u>Interest Rate or Range</u>	<u>Principal Amount or Range</u>	<u>Outstanding Balance June 30, 2008</u>	<u>Amount Due in One Year</u>
5-1-1997	6-30-2009	5.2	\$ 30,000	\$ 30,000	\$ 30,000
5-1-1998	6-30-2018	4.7 - 5.2	15,000 - 75,000	320,000	75,000
10-1-1998	6-30-2014	4.2 - 4.35	90,000 - 100,000	590,000	100,000
5-1-1999	6-30-2014	4.3 - 4.8	150,000 - 175,000	975,000	175,000
6-1-2003	6-30-2018	2.25 - 3.55%	25,000 - 50,000	325,000	25,000
6-1-2003	6-30-2019	2.25 - 3.65	200,000	2,200,000	200,000
4-1-2004	6-30-2019	2.4 - 4.25	125,000 - 150,000	1,500,000	150,000
9-1-2004	6-30-2020	2.75 - 4.1	100,000 - 125,000	1,395,000	125,000
				<u>\$7,335,000</u>	

Debt Service Requirements:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended 6-30-2009	\$ 1,131,066	\$ 880,000	\$ 251,066
6-30-2010	1,047,760	825,000	222,760
6-30-2011	985,082	790,000	195,082
6-30-2012	937,257	770,000	167,257
6-30-2013	933,339	795,000	138,339
6-30-2014 to 6-30-2018	3,395,274	3,055,000	340,274
6-30-2019 to 6-30-2020	539,481	525,000	14,481
	<u>\$8,969,259</u>	<u>\$7,640,000</u>	<u>\$1,329,259</u>

All General Obligation and Special Assessment Debt are supported by the City's "unlimited tax" or "limited tax" full faith and credit.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

6. Long-term debt (continued)

Business-type Activity:

Revenue bonds:

The Water Fund has revenue bonds, Series 1998, outstanding in the amount of \$2,050,000 at June 30, 2008. Significant details regarding the outstanding revenue bond is presented below:

<u>Date of Issue</u>	<u>Final Payment Date</u>	<u>Interest Rate</u>	<u>Annual Principal Payment Range</u>	<u>Outstanding Balance June 30, 2008</u>	<u>Amount Due in One Year</u>
1998	December 1, 2019	4.3% - 5.1%	\$75,000 - \$200,000	<u>\$2,050,000</u>	<u>\$100,000</u>

Debt service requirements:

		<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended	6-30-2009	\$ 198,525	\$ 100,000	\$ 98,525
	6-30-2010	242,538	150,000	92,538
	6-30-2011	235,488	150,000	85,488
	6-30-2012	228,325	150,000	78,325
	6-30-2013	221,088	150,000	71,088
	6-30-2014 to 6-30-2018	1,174,525	950,000	224,525
	6-30-2019 to 6-30-2020	<u>420,300</u>	<u>400,000</u>	<u>20,300</u>
		<u>\$2,720,789</u>	<u>\$2,050,000</u>	<u>\$670,789</u>

Interest is payable semi-annually.

Principal is paid on an annual basis.

Revenue bonds are secured by future revenues of the Water Enterprise Fund.

Interest is payable on all obligations semi-annually. Principal is paid on an annual basis.

The bonds are subject to redemption prior to maturity at the option of the City.

Future Revenues Pledged for Debt Payment:

The City has pledged substantially all revenue of the Water Fund, net of operating expense, to repay the above water revenue bond. Proceeds from the bonds provided financing for the construction of water system improvements. The bonds are payable solely from the net revenues of the water system. The remaining principal and interest to be paid on the bonds is \$2,720,789. During the current year, net revenues of the system were \$704,772 compared to the annual debt requirements of \$203,525.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

6. Long-term debt (continued)

Act 279, Public Acts of Michigan 1909, as amended, provides that net indebtedness of cities cannot exceed 10% of the assessed real and personal property in the city. As of June 30, 2008, the City of Burton had a total debt limit of \$92,893,879. According to Act 279, the Building Authority Bonds are included in the 10% debt limit computation and all other debt incurred by the City at June 30, 2008, is specifically exempted from the computation. Therefore, the City could incur \$85,558,879 of additional general obligation debt as of June 30, 2008.

7. Risk management

The City of Burton is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League self insurance pool for general liability, property loss, professional, public officials errors and omissions liabilities. In addition, the City participates in a separate pool which provides coverage for workers' compensation claims. The City is self insured to for medical benefits provided to employees. The City is on the reimbursement method of payment for unemployment compensation claims. Settled claims for insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

A. Self Insurance Fund - Health Care

During the year ended June 30, 2008, the City continued a self insurance health care plan. Under the plan, the City self funds the cost of claims of each employee for the first \$25,000 of annual cumulative claims or \$997,324 in total claims for the whole plan. The City has purchased commercial insurance for any claims in excess of the aggregate amounts. The City's plan has not recorded any liability for incurred, but not reported, claims due to the fact that any such claims would be covered by the reinsurance policy that is in place. The City reached the cumulative cap for self-funding of its claims, and as such, any future claims related to the year ended June 30, 2008 would be paid by the reinsurance coverage in force. The reconciliation of total claims liability during the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Claims liability beginning of fiscal year	\$ -	\$ -
Provision for incurred claims expenses	1,039,579	721,017
Payments made for claims	<u>(1,039,579)</u>	<u>(721,017)</u>
Claims liability end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>



**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

7. Risk management (continued)

B. General liability and property loss

The Michigan Municipal League self insurance risk pool operates as a common risk - sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. The City currently has a \$1,000 deductible for each and every loss on all lines of coverage. The risk pool's normal coverage will pay losses up to \$1,000,000 and the pool's reinsurance will cover losses from \$1,000,000 to \$5,000,000. Any liability for losses which exceed this amount would remain with the City. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years, therefore, an adjustment for incurred but not reported claims has not been accrued.

C. Workers compensation

The City is a member of the Michigan Municipal Workers Compensation Self Insurer's Fund. Premiums from participants are combined to provide all members with coverage for claims. The premiums and interest thereon are used to pay claims, administrative expenses and to purchase reinsurance to protect the fund from exceptionally large losses. In the event of a deficit in a fund year assessments could be made against the members. The City has never incurred any losses which exceeded the insured amount.

8. Other postemployment benefits

*Plan description:* The City provides retiree health care benefits to eligible employees and their spouses. Substantially all employees of the AFSCME, SEIU, POAM, COAM and Administrative group are eligible for post-employment health care benefits. To be eligible, employees at the time of retirement must have obtained a minimum combined number of total of age and years of service points. For retirements prior to July 1, 2001, the City provides a \$100/month stipend towards health insurance coverage to retirees paid by various funds. These benefits are provided by a contractual agreement and are paid annually by various funds. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$2,400 during the year ended June 30, 2008. There were 2 eligible retirees at June 30, 2008. For retirements after July 1, 2001, the City provides retiree health insurance coverage to retirees paid by the retiree health care fund. The amounts are recorded as expenditures when the fund liability is incurred. The benefit amounts incurred totaled \$140,088 during the year ended June 30, 2008. There were 30 eligible retirees at June 30, 2008.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

8. Other postemployment benefits

This is a single employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreement. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

*Funding policy:* The collective bargaining agreements require a contribution of 5.5% per month from all employees. Retiree health care costs are recognized when paid by the City on a “pay-as-you-go” basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2008, the City made payments for postemployment health benefit premiums for the pre-July 1, 2001 retirees and post July 1, 2001 retirees of \$2,400 and \$140,088, respectively.

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of December 31, 2006:

Actuarial value of assets	\$1,174,807
Actuarial accrued liability	\$17,389,046
Unfunded AAL	\$16,214,239
Funded ratio	6.80%
Annual covered payroll	\$4,892,412
Ratio of UAAL to covered payroll	331%

*Actuarial methods and assumptions:* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

A. Assets and liabilities (continued):

8. Other postemployment benefits (continued)

In the December 31, 2006, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, was thirty years.

Upcoming reporting change: The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended June 30, 2009.

B. Interfund receivables, payables, and transfers:

The composition of interfund balances as of June 30, 2008 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	\$ 4
	Major Street	16,637
	Local Street	12,082
	Sewer Utility	221,595
	Internal Service	789
Local Street	Major Street	47,131
Rubbish Collection	General Fund	95,234
Police Millage	General	\$ 107,620
Other Governmental Funds	General	75,956
Internal Service	General	190,971
	Major Street	24,379
	Local Street	12,640
	Police Millage	52,426
	Water Utility	24,962
	Sewer Utility	14,358
Water Utility	Sewer Utility	323,897
	General	10,736
Total		<u>\$1,231,417</u>

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**III. Detail Notes on All Funds (Continued)**

B. Interfund receivables, payables, and transfers (continued):

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Police Fund	\$3,108,738
General Fund	Other governmental funds	550,072
General Fund	Internal service funds	93,111
Major Street Fund	Local Street Fund	288,018
Major Street Fund	Other governmental funds	263,350
Police Fund	Other governmental funds	83,149
Special Assessment Debt	General Fund	30,896
Internal Service Funds	Other governmental funds	13,496
Other governmental funds	Other governmental funds	14,693
		<u>\$4,445,523</u>

The transfers from the General Fund to the Police Fund represent the use of unrestricted resources to finance that program, in accordance with budgetary authorizations; the transfer from the Major Street Fund to the Local Street Fund represents the sharing of gas and weight tax revenues, in accordance with Act 51; the transfer from the General Fund, Major Street Fund, and Police Fund to the other governmental funds represents the movement of resources to be used to service Major Street Fund debt and building authority debt.

**IV. Summary Disclosure of Significant Contingencies and Commitments**

Contingent liabilities:

1. Federal programs

The City participates in various federally assisted programs. These programs are subject to compliance audits in accordance with the Single Audit Act. A single audit was not required since the City did not expend more than \$500,000 in federal funds. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although, the City expects such amounts to be immaterial.

**City of Burton**  
**Notes to Financial Statements**  
**June 30, 2008**

**IV. Summary Disclosure of Significant Contingencies and Commitments (Continued)**

Contingent liabilities (continued):

2. Special assessment projects

The City also is involved in many special assessment improvement projects, whereby property owners benefiting from the improvement are assessed their fair share of the project cost. In accordance with state law, project assessments that exceed total actual costs by more than 5% are required to be adjusted downward to actual cost. Property owners who may have paid the assessment in full are refunded their pro-rata share of the over-assessment. As of June 30, 2008, the determination of compliance with the 5% rule for several projects in progress had not yet been made. Management believes that the potential liability to the City for repayment of over-assessments, if any, would not materially affect the operations or financial condition of the City.

**V. Federal Awards**

It is required by the Michigan Department of Transportation (MDOT) that governmental units report total federal awards for Highway Research, Planning and Construction pertaining to their unit. However, only the federal awards applicable to force account expenditures are required to be audited for compliance under the Single Audit Act. The reason for this requirement is that the City is required to have accounting and administrative control over the force account portion while the balance is administered by MDOT.

During the year ended June 30, 2008, the City of Burton did not have over \$500,000 in total federal awards. As a result, an audit for compliance under the Single Audit Act has not been performed.

**VI. Subsequent Event**

**Declines in Investment Values** - Subsequent to year-end, the City's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

**Required Supplementary  
Information Section**

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2008**  
**With Comparative Actual Totals for the Year Ended June 30, 2007**

	2008				
	Budget Amounts			Variance- Under (Over)	2007 Actual
	Original	Final	Actual		
Revenue					
Property taxes	\$ 3,662,808	\$ 3,662,808	\$ 3,646,476	\$ (16,332)	\$ 3,413,261
Licenses and permits	288,000	288,000	309,871	21,871	302,998
Intergovernmental - Federal	-	-	-	-	174,724
Intergovernmental - State	2,597,210	2,597,210	2,566,449	(30,761)	2,541,528
Charges for services	417,675	417,675	427,368	9,693	375,278
Fines and forfeits	180,000	180,000	232,418	52,418	205,880
Interest	46,500	46,500	70,233	23,733	86,890
Miscellaneous	39,500	44,000	80,010	36,010	53,276
Total revenue	7,231,693	7,236,193	7,332,825	96,632	7,153,835
Expenditures					
General Government					
City council:					
Council salaries	67,000	67,000	66,710	290	66,789
Fringe benefits	79,550	75,370	69,124	6,246	62,877
Board of review	2,500	2,350	2,313	37	2,625
Office supplies	575	930	928	2	769
Postage	50	50	10	40	9
Audit	15,000	17,000	16,990	10	13,850
Contractual service	250	2,375	-	2,375	-
Legal	68,000	28,000	18,812	9,188	71,038
Conference and workshop	6,850	17,700	17,690	10	606
Insurance and bonds	92,925	92,925	92,925	-	88,299
Notices	5,000	5,725	5,723	2	7,895
Membership and dues	15,000	15,000	10,798	4,202	14,701
Miscellaneous	500	1,450	1,426	24	51
Total city council	353,200	325,875	303,449	22,426	329,509
Mayor's office:					
Mayor's salary	74,500	74,500	74,287	213	74,002
Salaries	74,385	81,669	81,653	16	10,853
Fringe benefits	108,450	102,525	101,986	539	48,689
Office supplies and postage	5,200	5,220	3,498	1,722	4,627
Contractual service	1,000	1,000	730	270	882
Auto repair	2,000	3,300	3,276	24	2,148
Gas and oil	1,000	2,415	2,397	18	1,061
Conference and workshop	3,150	2,690	2,523	167	2,369
Dues and membership	1,000	1,000	861	139	865
Miscellaneous	2,075	2,600	2,593	7	1,946
Total mayor's office	272,760	276,919	273,804	3,115	147,442

(continued)

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund (continued)**  
**Year Ended June 30, 2008**  
**With Comparative Actual Totals for the Year Ended June 30, 2007**

General Government (Continued)	2008				2007 Actual
	Budget Amounts		Actual	Variance- Under (Over)	
	Original	Final			
Controller's department:					
Controller's salary	60,100	62,857	62,853	4	56,613
Salaries - Permanent	92,020	98,772	98,759	13	40,332
Fringe benefits	117,085	112,783	112,633	150	71,070
Office supplies	9,750	9,475	6,842	2,633	6,155
Postage	250	250	35	215	23
Conference and workshop	1,000	1,000	23	977	-
Contractual service	1,600	1,600	415	1,185	1,600
Membership and dues	400	400	283	117	318
Total controller's department	282,205	287,137	281,843	5,294	176,111
Assessor's department:					
Assessor's salary	74,900	74,900	70,847	4,053	70,587
Salaries - Permanent	77,965	77,965	69,966	7,999	64,725
Fringe benefits	93,365	93,115	82,885	10,230	75,991
Office supplies	6,925	7,140	7,133	7	6,011
Postage	8,000	8,645	8,623	22	8,013
Capital outlay	1,200	1,200	16	1,184	718
Contractual service	31,500	30,620	11,479	19,141	7,500
Deed recording	1,800	1,800	225	1,575	1,953
Auto repair	1,000	1,000	268	732	1,173
Conference and workshop	1,500	1,500	1,482	18	1,715
Gas and oil	400	400	169	231	66
Auto wash	50	50	-	50	3
Economic development	100	100	-	100	-
Membership and dues	1,000	1,270	1,264	6	619
Equipment repair	100	100	-	100	-
Total assessor's department	299,805	299,805	254,357	45,448	239,074
Elections:					
Salaries - Permanent	78,090	78,135	71,244	6,891	70,988
Fees per diem	43,000	44,500	30,355	14,145	27,827
Fringe benefits	75,595	74,870	74,866	4	61,814
Election supplies	7,450	9,875	9,858	17	2,577
Postage	3,000	4,925	4,907	18	2,483
Contractual service	6,550	2,750	270	2,480	3,774
Auto allowance	125	125	78	47	114
Conference and workshop	650	650	650	-	10
Notices	500	500	344	156	-
Equipment rental	1,200	1,875	1,396	479	1,191
Capital outlay	2,000	-	-	-	2,275
Total elections	218,160	218,205	193,968	24,237	173,053

(continued)



**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund (continued)**  
**Year Ended June 30, 2008**  
**With Comparative Actual Totals for the Year Ended June 30, 2007**

	2008		Actual	Variance- Under (Over)	2007 Actual
	Budget Amounts				
	Original	Final			
<b>General Government (Continued)</b>					
Clerk's department:					
Clerk's salary	60,000	60,000	56,763	3,237	56,537
Salaries - Permanent	28,605	28,365	24,069	4,296	25,400
Fringe benefits	63,285	63,285	57,935	5,350	53,259
Office supplies	2,325	2,325	2,107	218	2,078
Postage	400	150	84	66	99
Contractual services	25	525	99	426	99
Conference and workshop	750	800	784	16	650
Dues and membership	350	350	325	25	225
Auto allowance	75	125	107	18	-
Miscellaneous	150	100	-	100	-
Capital outlay	1,000	700	-	700	-
Total clerk's department	156,965	156,725	142,273	14,452	138,347
Treasurer's department:					
Treasurer's salary	60,100	57,100	56,831	269	56,613
Salaries - Permanent	30,055	35,670	35,598	72	32,124
Fringe benefits	58,090	50,240	50,042	198	52,505
Office supplies	5,050	3,880	2,980	900	4,325
Postage	10,000	17,700	17,680	20	10,146
Contractual service	5,950	4,950	4,929	21	4,529
Tax roll expense	17,900	18,650	18,627	23	17,856
Conference and workshop	1,000	170	165	5	193
Total treasurer's department	188,145	188,360	186,852	1,508	178,291
City hall and grounds:					
Salaries	32,790	35,100	35,098	2	34,398
Fringe benefits	25,545	26,270	26,264	6	20,983
Office supplies	56,075	59,780	59,780	-	53,163
Building maint. and supplies	15,000	18,550	18,535	15	11,348
Capital outlay	-	14,632	6,131	8,501	8,802
Legal	-	29,900	29,887	13	-
Contractual services	15,000	5,475	5,434	41	7,427
Janitorial service	25,000	14,060	14,030	30	14,772
Utilities	37,000	38,700	38,692	8	40,081
Maintenance of grounds	5,500	3,150	3,149	1	3,077
Building insurance	3,150	4,475	4,475	-	2,840
Equipment rental	7,500	9,525	9,520	5	7,272
Total city hall and grounds	222,560	259,617	250,995	8,622	204,163

(continued)

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund (continued)**  
**Year Ended June 30, 2008**  
**With Comparative Actual Totals for the Year Ended June 30, 2007**

	2008				2007 Actual
	Budget Amounts		Actual	Variance- Under (Over)	
	Original	Final			
<b>General Government (Continued)</b>					
Other city property:					
Salaries	-	-	-	-	8,000
Coordinator salary	-	-	-	-	49,564
Fringe benefits	-	-	-	-	20,665
Supplies	-	-	-	-	16,450
Contractual service	-	-	-	-	14,260
Utilities	-	-	-	-	22,500
Repair and maintenance	-	-	-	-	11,500
Equipment rental	-	-	-	-	8,975
Building insurance	-	-	-	-	2,241
Conference and workshop	-	-	-	-	75
Sewer payments	-	-	-	-	1,500
Miscellaneous	-	-	-	-	69
Total other city property	-	-	-	-	155,799
<b>Total General Government</b>	1,993,800	2,012,643	1,887,541	125,102	1,741,789
<b>Public Safety</b>					
Fire department:					
Fire chief salary	60,800	60,800	57,515	3,285	57,295
Salaries - Permanent	83,865	88,974	88,965	9	88,324
Part-time firemen	213,150	176,575	170,210	6,365	167,842
Fringe benefits	149,245	150,232	139,337	10,895	135,495
Uniforms	12,500	23,550	23,537	13	6,751
Operating supplies	24,925	20,925	20,899	26	23,969
Contractual services	10,000	4,294	3,344	950	10,703
Building supplies and maint.	18,000	18,000	14,032	3,968	16,438
Equipment repair	4,500	4,500	4,021	479	1,559
Truck repair	15,000	32,000	31,813	187	18,774
Conference and workshop	4,600	3,600	3,010	590	7,107
Gas and oil	15,000	18,750	18,737	13	12,694
Utilities	31,000	37,200	37,195	5	35,898
Sewer payments	3,000	4,600	4,584	16	4,072
Miscellaneous	1,200	1,200	5	1,195	318
Dues and membership	5,400	5,650	5,417	233	6,557
Building insurance	2,025	1,546	1,540	6	1,932
Truck insurance and liability	16,925	21,135	21,135	-	16,104
Training	5,000	8,100	7,514	586	4,975
Equipment rental	9,000	11,250	11,235	15	10,442
Prevention	6,000	6,000	4,380	1,620	5,174
Capital outlay	108,575	108,525	78,799	29,726	282,957
Total fire department	799,710	807,406	747,224	60,182	915,380
<b>Total Public Safety</b>	799,710	807,406	747,224	60,182	915,380

(continued)

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund (continued)**  
**Year Ended June 30, 2008**  
**With Comparative Actual Totals for the Year Ended June 30, 2007**

	2008				2007 Actual
	Budget Amounts		Actual	Variance- Under (Over)	
	Original	Final			
<b>Public Service</b>					
Capital outlay	100,000	90,600	90,559	41	96,927
Weed cutting	50,000	50,000	29,900	20,100	25,469
Drains at large	75,000	85,800	85,767	33	62,642
Street lighting	386,330	384,930	370,520	14,410	368,830
Memorial Day parade	20,000	24,500	24,496	4	25,656
Holiday decorations	1,000	1,000	1,000	-	1,000
Disaster aid	500	500	388	112	387
<b>Total Public Service</b>	632,830	637,330	602,630	34,700	580,911
<b>Parks and Recreation</b>					
Salaries	-	795	35	760	174
Fringe benefits	-	395	373	22	214
Operating supplies	4,700	7,710	7,693	17	4,146
Equipment rental	10,000	11,150	11,137	13	9,869
Maintenance of grounds	35,000	30,655	23,882	6,773	14,701
Commission	-	-	-	-	4,136
Community events	12,000	12,390	12,372	18	-
Park projects	-	8,120	8,116	4	4,999
Miscellaneous	5,000	900	851	49	768
<b>Total Parks and Recreation</b>	66,700	72,115	64,459	7,656	39,007
<b>Planning</b>					
Zoning and planning commission					
Salaries	27,965	27,590	25,932	1,658	25,111
Fringe benefits	15,560	16,080	16,059	21	13,375
Supplies and postage	1,000	1,000	726	274	485
Notices	1,500	600	577	23	316
Contractual services	2,500	8,350	8,330	20	8,808
Conference and workshop	500	-	-	-	27
Total zoning and planning	49,025	53,620	51,624	1,996	48,122
Zoning appeal board:					
Salaries	25,860	27,700	26,393	1,307	24,766
Fringe benefits	15,335	16,055	16,051	4	13,346
Supplies and postage	1,500	1,500	640	860	735
Contractual services	500	500	-	500	-
Conference and workshop	500	500	-	500	27
Notices	3,500	3,500	2,204	1,296	1,639
Total zoning appeal board	47,195	49,755	45,288	4,467	40,513
<b>Total Planning</b>	96,220	103,375	96,912	6,463	88,635
Total expenditures	3,589,260	3,632,869	3,398,766	234,103	3,365,722

(continued)

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund (continued)**  
**Year Ended June 30, 2008**  
**With Comparative Actual Totals for the Year Ended June 30, 2007**

	2008			Variance- Under (Over)	2007 Actual
	Budget Amounts		Actual		
	Original	Final			
Excess of Revenue Over Expenditure:	3,642,433	3,603,324	3,934,059	330,735	3,788,113
Other Financing Sources (Uses)					
Sale of property and equipment	5,000	5,000	5,199	199	9,509
Transfers in	35,266	35,266	30,896	(4,370)	25,123
Transfers out	(3,879,015)	(4,259,125)	(3,751,921)	507,204	(3,844,717)
Total other financing sources (uses)	(3,838,749)	(4,218,859)	(3,715,826)	503,033	(3,810,085)
Net Change in Fund Balance:	(196,316)	(615,535)	218,233	833,768	(21,972)
Fund Balances- Beginning of year	2,057,637	2,057,637	2,057,637	-	2,079,609
Fund Balances- End of year	\$ 1,861,321	\$ 1,442,102	\$ 2,275,870	\$ 833,768	\$ 2,057,637

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Street Fund**  
**Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008				
	Budget Amounts			Variance	2007
	Original	Final	Actual	Under (Over)	Actual
<b>Revenue</b>					
Intergovernmental revenue					
Federal	\$ 769,700	\$ 2,169,784	\$ 62,424	\$(2,107,360)	\$ 68,986
State	2,007,500	2,007,500	1,969,222	(38,278)	2,002,805
Interest	80,000	80,000	21,253	(58,747)	87,030
Miscellaneous	500	500	161	(339)	107
Total revenue	2,857,700	4,257,784	2,053,060	(2,204,724)	2,158,928
<b>Expenditures</b>					
Current:					
Public works:					
Highways and streets:					
Surface maintenance	213,740	345,042	251,386	93,656	377,804
Trees and shrubs	22,990	24,157	20,791	3,366	18,282
Drainage	81,945	239,029	238,591	438	262,003
Roadside cleanup	18,775	40,691	26,110	14,581	34,464
Traffic signs and controls	100,975	117,017	92,993	24,024	115,452
Pavement marking	90,000	90,000	76,870	13,130	110,882
Winter maintenance	186,145	226,841	175,318	51,523	223,590
Administration	414,735	80,306	54,821	25,485	43,496
Total public works	1,129,305	1,163,083	936,880	226,203	1,185,973
Capital outlay	1,816,178	3,126,550	880,089	2,246,461	1,200,287
Total expenditures	2,945,483	4,289,633	1,816,969	2,472,664	2,386,260
<b>Excess of Revenue Over (Under) Expenditures</b>	(87,783)	(31,849)	236,091	267,940	(227,332)
<b>Other Financing Uses:</b>					
Transfers out	(751,000)	(751,000)	(551,368)	199,632	(797,778)
Total other financing uses	(751,000)	(751,000)	(551,368)	199,632	(797,778)
<b>Net Change in Fund Balances</b>	(838,783)	(782,849)	(315,277)	467,572	(1,025,110)
<b>Fund Balances - Beginning of year</b>	746,659	746,659	746,659	-	1,771,769
<b>Fund Balances - End of year</b>	<b>\$ (92,124)</b>	<b>\$ (36,190)</b>	<b>\$ 431,382</b>	<b>\$ 467,572</b>	<b>\$ 746,659</b>

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Local Street Fund**  
**Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008			Variance	
	Budget Amounts			Under	2007
	Original	Final	Actual	(Over)	Actual
<b>Revenue</b>					
Intergovernmental revenue					
State	\$ 607,500	\$ 607,500	\$ 611,892	\$ 4,392	\$ 619,665
Interest	66,000	66,000	44,398	(21,602)	69,868
Miscellaneous	500	500	825	325	1,994
Total revenue	674,000	674,000	657,115	(16,885)	691,527
<b>Expenditures</b>					
Current:					
Public works:					
Highways and streets:					
Surface maintenance	315,740	346,428	346,242	186	270,528
Trees and shrubs	32,490	32,977	32,846	131	24,086
Drainage	158,945	212,349	212,241	108	253,655
Roadside cleanup	5,775	4,232	4,084	148	2,135
Traffic signs and controls	13,475	20,659	20,485	174	38,246
Winter maintenance	136,145	421,820	421,753	67	208,433
Administration	567,495	54,251	54,047	204	45,757
Total public works	1,230,065	1,092,716	1,091,698	1,018	842,840
Capital outlay	111,994	395,845	266,348	129,497	626,673
Total expenditures	1,342,059	1,488,561	1,358,046	130,515	1,469,513
<b>Excess of Revenue Over (Under) Expenditures</b>	(668,059)	(814,561)	(700,931)	113,630	(777,986)
<b>Other Financing Sources (Uses)</b>					
Transfers in	599,169	599,169	288,018	(311,151)	490,087
Transfers out	-	-	-	-	(35,000)
Total other financing sources (uses)	599,169	599,169	288,018	(311,151)	455,087
<b>Net Change in Fund Balances</b>	(68,890)	(215,392)	(412,913)	(197,521)	(322,899)
<b>Fund Balances - Beginning of year</b>	1,263,132	1,263,132	1,263,132	-	1,586,031
<b>Fund Balances - End of year</b>	<b>\$ 1,194,242</b>	<b>\$ 1,047,740</b>	<b>\$ 850,219</b>	<b>\$ (197,521)</b>	<b>\$ 1,263,132</b>

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Police Millage Fund**  
**Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008			Variance	2007
	Budget Amounts		Actual	Under (Over)	Actual
	Original	Final			
<b>Revenue</b>					
Property taxes	\$ 1,546,375	\$ 1,546,375	\$ 1,539,613	\$ (6,762)	\$ 717,112
Intergovernmental revenue					
Federal	62,750	101,620	114,268	12,648	106,364
State	-	-	-	-	23,018
Local	21,500	9,000	-	(9,000)	24,625
Charges for services - Contracts	57,000	69,500	56,978	(12,522)	57,779
Interest	15,000	15,000	12,987	(2,013)	13,094
Fines and forfeits:					
Forfeitures and other	28,000	28,000	37,989	9,989	25,564
Ordinance fines	90,000	90,000	121,678	31,678	99,786
Total revenue	1,820,625	1,859,495	1,883,513	24,018	1,067,342
<b>Expenditures</b>					
Current:					
Public safety:					
Police chief salary	69,500	69,500	58,199	11,301	65,505
Lieutenants' salaries	131,500	141,275	141,264	11	137,494
Sergeants' salaries	238,430	287,430	287,429	1	253,917
Salaries - Permanent	1,916,130	1,731,790	1,639,196	92,594	1,591,629
Fringe benefits	1,831,365	1,625,903	1,514,057	111,846	1,411,656
Office supplies and postage	11,000	14,420	14,412	8	15,049
Technology services	74,700	74,700	74,700	-	64,950
Ammunition	4,725	9,845	9,840	5	7,608
Uniforms	31,775	31,775	30,069	1,706	24,416
Operating supplies	19,650	17,435	17,431	4	14,620
Equipment repair	3,000	3,000	1,699	1,301	7,128
Courtland Center costs	-	65,195	57,236	7,959	48,246
DARE project costs	-	5,920	-	5,920	84,088
F.A.N.G. project costs	11,750	299,232	289,420	9,812	110,889
Contractual service	35,000	35,000	29,725	5,275	30,050
Auto repair	70,000	136,300	136,233	67	90,762
Conference and workshop	500	1,425	1,403	22	840
Gas and oil	90,000	134,800	134,769	31	88,126
Utilities and building repairs	70,000	96,135	96,133	2	74,630
Sewer payments	1,500	2,400	2,383	17	1,584
Auto wash	3,000	3,200	3,180	20	2,997
Auto insurance	100,750	91,000	89,211	1,789	96,209
Miscellaneous	3,000	3,000	1,675	1,325	1,454
Legal	80,000	92,000	91,960	40	73,270

(continued)

**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Police Millage Fund (continued)**  
**Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008			
	Budget Amounts		Variance	2007
	Original	Final	Under (Over)	Actual
<b>Expenditures (Continued)</b>				
Current (continued):				
Public safety (continued)				
Dues and membership	1,150	1,980	-	1,757
Training	15,000	19,750	20	13,788
Equipment rental	10,000	10,000	1,492	6,972
Narcotics investigation	26,700	23,050	8,872	23,733
Total public safety	4,850,125	5,027,460	261,440	4,343,367
Capital outlay	154,693	137,374	(5,708)	61,435
Total expenditures	5,004,818	5,164,834	255,732	4,404,802
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	(3,184,193)	(3,305,339)	279,750	(3,337,460)
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,249,600	3,400,319	(291,581)	3,447,627
Transfers out	(83,725)	(83,150)	1	(110,167)
Total other financing sources (uses)	3,165,875	3,317,169	(291,580)	3,337,460
<b>Net Change in Fund Balance:</b>	(18,318)	11,830	(11,830)	-
<b>Fund Balances - Beginning of year</b>	11,313	11,313	-	11,313
<b>Fund Balances - End of year</b>	<b>\$ (7,005)</b>	<b>\$ 23,143</b>	<b>\$ 11,313</b>	<b>\$ (11,830)</b>
			<b>\$ 11,313</b>	



**City of Burton**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Rubbish Collection and Disposal**  
**Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008				
	Budget Amounts			Variance- Under (Over)	2007 Actual
	Original	Final	Actual		
Revenue					
Charges for services	\$ 1,504,440	\$ 1,504,440	\$ 1,489,119	\$ (15,321)	\$ 1,407,128
Interest	10,000	10,000	8,239	(1,761)	13,294
Total revenue	1,514,440	1,514,440	1,497,358	(17,082)	1,420,422
Expenditures					
Current:					
Public service	1,501,940	1,501,940	1,431,218	70,722	1,406,595
Total expenditures	1,501,940	1,501,940	1,431,218	70,722	1,406,595
Excess of Revenue Over Expenditures	12,500	12,500	66,140	53,640	13,827
Fund Balances - Beginning of year	29,094	29,094	29,094	-	15,267
Fund Balances -End of year	\$ 41,594	\$ 41,594	\$ 95,234	\$ 53,640	\$ 29,094

**City of Burton**  
**Notes to Required Supplementary Information**  
**June 30, 2008**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end. At the first meeting in April, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at City Hall to obtain taxpayer comments. Prior to June 30, the budget is legally enacted.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. The exception is Capital Improvement and Community Development are adopted on a project length basis. The Mayor or his/her designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the City Council.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end: the commitments will be reappropriated and honored during the subsequent year. There were no encumbrances at year end.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City of Burton incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Actual over Budget</u>
Major Funds:			
Police millage fund:			
Capital outlay	\$137,374	\$143,082	\$ 5,708

## **Other Supplemental Information**

## **Nonmajor Governmental Funds**

**City of Burton**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2008**

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 129,939	\$ 298,927	\$ 428,866
Receivables:			
Accounts	52,625	-	52,625
Due from other funds	75,956	-	75,956
Total assets	<b>\$ 258,520</b>	<b>\$ 298,927</b>	<b>\$ 557,447</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 29,400	\$ 247,200	\$ 276,600
Accrued liabilities	10,750	-	10,750
Due to other funds	-	4	4
Deferred revenue	84,244	-	84,244
Total liabilities	124,394	247,204	371,598
Fund balances:			
Unreserved:			
Undesignated	134,126	51,723	185,849
Total fund balances	134,126	51,723	185,849
Total liabilities and fund balances	<b>\$ 258,520</b>	<b>\$ 298,927</b>	<b>\$ 557,447</b>

**City of Burton**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2008**

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
<b>Revenue</b>			
Property taxes	\$ -	\$ 155,363	\$ 155,363
Licenses and permits	78,102	-	78,102
Intergovernmental revenue			
Federal	14,693	-	14,693
State	-	-	-
Local	215,943	-	215,943
Charges for services	83,515	-	83,515
Interest	2,448	8,105	10,553
Miscellaneous	34,558	620	35,178
	<hr/>	<hr/>	<hr/>
Total revenue	429,259	164,088	593,347
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current:			
Public service	-	-	-
Public safety	323,413	-	323,413
Health and welfare	372,115	-	372,115
Capital outlay	29,843	-	29,843
Debt service:			
Principal retirement	-	575,000	575,000
Interest and fiscal charges	-	152,964	152,964
	<hr/>	<hr/>	<hr/>
Total expenditures	725,371	727,964	1,453,335
	<hr/>	<hr/>	<hr/>
<b>Excess of Revenues Under Expenditure:</b>	(296,112)	(563,876)	(859,988)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>			
Transfers in	449,814	473,563	923,377
Transfers out	(14,693)	-	(14,693)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	435,121	473,563	908,684
	<hr/>	<hr/>	<hr/>
<b>Net Change in Fund Balances:</b>	139,009	(90,313)	48,696
	<hr/>	<hr/>	<hr/>
<b>Fund Balances- Beginning of year</b>	(4,883)	142,036	137,153
	<hr/>	<hr/>	<hr/>
<b>Fund Balances -End of year</b>	<u><u>\$ 134,126</u></u>	<u><u>\$ 51,723</u></u>	<u><u>\$ 185,849</u></u>

## **Special Revenue Funds**

### **Nonmajor Funds:**

**Building Department Fund** - To account for revenues and expenditures related to the Building Department activities.

**Community Development Block Grant Program Fund** - To account for revenues earned and expenditures incurred by the City as a sub-grantee of the Community Development Block Grant Program. The program includes projects for street paving, sidewalk construction, waterline improvements, and other capital outlay.

**Capital Improvement Fund** - To account for non-tax revenues set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases. Expenditures include, but are not limited to, municipal buildings, public safety vehicles, and equipment.

**Senior Millage Fund** - To account for revenues earned and expenditures incurred by the City as a grantee of the Senior Citizens Millage Program. The program includes senior citizens activities.

**City of Burton**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2008**  
**With Comparative Totals for June 30, 2007**

	Building Department	Community Development	Capital Improvement
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 129,939
Accounts receivable	4,881	-	-
Due from other funds	10,262	-	18,500
Total assets	<b>\$ 15,143</b>	<b>\$ - 0 -</b>	<b>\$ 148,439</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 2,022	\$ -	\$ 19,312
Accrued liabilities	8,122	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	10,144	-	19,312
Fund balances:			
Unreserved:			
Undesignated	4,999	-	129,127
Total fund balances	4,999	-	129,127
Total liabilities and fund balances	<b>\$ 15,143</b>	<b>\$ - 0 -</b>	<b>\$ 148,439</b>



Senior Millage	Totals	
	2008	2007
\$ -	\$ 129,939	\$ 13,124
47,744	52,625	7,570
47,194	75,956	180,147
<b>\$ 94,938</b>	<b>\$ 258,520</b>	<b>\$ 200,841</b>

\$ 8,066	\$ 29,400	\$ 4,440
2,628	10,750	7,352
	-	133,683
84,244	84,244	60,249
94,938	124,394	205,724

-	134,126	(4,883)
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-	134,126	(4,883)
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<b>\$ 94,938</b>	<b>\$ 258,520</b>	<b>\$ 200,841</b>
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**City of Burton**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2008**  
**With Comparative Totals for the Year Ended June 30, 2007**

	Building Department	Community Development	Capital Improvement
<b>Revenue</b>			
Licenses and permits	\$ 78,102	\$ -	\$ -
Intergovernmental revenue			
Federal	-	14,693	-
Local	-	-	-
Charges for services	83,515	-	-
Interest	-	-	2,448
Miscellaneous	10,886	-	5,000
Total revenue	172,503	14,693	7,448
<b>Expenditures</b>			
<b>Current:</b>			
Public safety	323,413	-	-
Health and welfare	-	-	-
<b>Capital outlay</b>	-	-	29,843
Total expenditures	323,413	-	29,843
<b>Excess of Revenue Over (Under) Expenditure</b>	(150,910)	14,693	(22,395)
<b>Other Financing Sources (Uses)</b>			
Transfers in	293,814	-	18,500
Transfers out	-	(14,693)	-
Total other financing sources (uses)	293,814	(14,693)	18,500
<b>Net Change in Fund Balances</b>	142,904	-	(3,895)
<b>Fund Balances - Beginning of year</b>	(137,905)	-	133,022
<b>Fund Balances -End of year</b>	<b>\$ 4,999</b>	<b>\$ - 0 -</b>	<b>\$ 129,127</b>

Senior Millage	Totals	
	2008	2007
\$ -	\$ 78,102	\$ 76,503
-	14,693	18,949
215,943	215,943	40,866
-	83,515	75,460
-	2,448	1,142
18,672	34,558	36,612
234,615	429,259	249,532
-	323,413	420,036
372,115	372,115	63,710
-	29,843	41,020
372,115	725,371	524,766
(137,500)	(296,112)	(275,234)
137,500	449,814	236,398
-	(14,693)	(18,949)
137,500	435,121	217,449
-	139,009	(57,785)
-	(4,883)	52,902
<b>\$ - 0 -</b>	<b>\$ 134,126</b>	<b>\$ (4,883)</b>

**City of Burton**  
**Nonmajor Special Revenue Funds**  
**Combining Schedules of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2008**

	Community Development			Variance-
	Budget Amounts		Actual	Under (Over)
	Original	Final		
<b>Revenue</b>				
Intergovernmental revenue				
Federal	\$ 556,810	\$ 556,810	\$ 14,693	\$ (542,117)
Local	-	-	-	-
Charges for services	-	-	-	-
Net investment income (loss)	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	556,810	556,810	14,693	(542,117)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(556,810)	(556,810)	(14,693)	542,117
Total other financing sources (uses)	(556,810)	(556,810)	(14,693)	542,117
<b>Net Change in Fund Balances</b>	-	-	-	-
<b>Fund Balances - Beginning of year</b>	-	-	-	-
<b>Fund Balances -End of year</b>	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

**City of Burton**  
**Nonmajor Special Revenue Funds**  
**Combining Schedules of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2008**

	Capital Improvement			
	Budget Amounts			Variance- Under (Over)
	Original	Final	Actual	
<b>Revenue</b>				
Interest	\$ 500	\$ 500	\$ 2,448	\$ 1,948
Miscellaneous	-	-	5,000	5,000
Total revenue	500	500	7,448	6,948
<b>Expenditures</b>				
Capital outlay	1,421	127,956	29,843	98,113
Total expenditures	1,421	127,956	29,843	98,113
<b>Excess of Revenue Over (Under) Expenditure:</b>	(921)	(127,456)	(22,395)	105,061
<b>Other Financing Sources (Uses)</b>				
Transfers in	10,000	18,500	18,500	-
<b>Net Change in Fund Balances</b>	9,079	(108,956)	(3,895)	105,061
<b>Fund Balances - Beginning of year</b>	133,022	133,022	133,022	-
<b>Fund Balances -End of year</b>	<b>\$ 142,101</b>	<b>\$ 24,066</b>	<b>\$ 129,127</b>	<b>\$ 105,061</b>

**City of Burton**  
**Nonmajor Special Revenue Funds**  
**Combining Schedules of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2008**

	Senior Millage			
	Budget Amounts			Variance- Under (Over)
	Original	Final	Actual	
<b>Revenue</b>				
Intergovernmental revenue				
Local	\$ -	\$ 239,938	\$ 215,943	\$ (23,995)
Miscellaneous	6,000	6,000	18,672	12,672
Total revenue	6,000	245,938	234,615	(11,323)
<b>Expenditures</b>				
Current:				
Health and welfare	263,061	559,816	372,115	187,701
Total expenditures	263,061	559,816	372,115	187,701
<b>Excess of Revenue Over (Under) Expenditure:</b>	(257,061)	(313,878)	(137,500)	176,378
<b>Other Financing Sources (Uses)</b>				
Transfers in	193,549	249,281	137,500	(111,781)
<b>Net Change in Fund Balances</b>	(63,512)	(64,597)	-	64,597
<b>Fund Balances - Beginning of year</b>	-	-	-	-
<b>Fund Balances -End of year</b>	<b>\$ (63,512)</b>	<b>\$ (64,597)</b>	<b>\$ - 0 -</b>	<b>\$ 64,597</b>

**City of Burton**  
**Nonmajor Special Revenue Fund - Building Department**  
**Schedules of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2008**

	Building Department			
	Budget Amounts			Variance- Under (Over)
	Original	Final	Actual	
<b>Revenue</b>				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 78,102	\$ (21,898)
Charges for services	52,500	58,500	83,515	25,015
Miscellaneous	5,000	5,000	10,886	5,886
Total revenue	157,500	163,500	172,503	9,003
<b>Expenditures</b>				
Current:				
Administrative salaries	14,580	18,989	12,787	6,202
Salaries - permanent	183,030	173,420	121,828	51,592
Fringe benefits	105,165	107,549	88,329	19,220
Office supplies	14,200	12,375	11,721	654
Postage	1,000	1,000	383	617
Operating supplies	7,000	4,625	4,606	19
Contractual services	8,000	2,000	820	1,180
Dues and membership	500	500	412	88
Conference and workshop	2,000	2,000	704	1,296
Utilities	3,500	3,700	3,683	17
Equipment repair	25,000	24,250	18,007	6,243
Condemned housing	20,000	28,260	28,258	2
Weed cutting	14,350	31,875	31,875	-
Soil erosion services	1,500	850	-	850
Total expenditures	399,825	411,393	323,413	87,980
<b>Excess of Revenue Over (Under) Expenditure:</b>	(242,325)	(247,893)	(150,910)	96,983
<b>Other Financing Sources (Uses)</b>				
Transfers in	242,325	390,797	293,814	(96,983)
Total other financing sources (uses)	242,325	390,797	293,814	(96,983)
<b>Net Change in Fund Balances</b>	-	142,904	142,904	-
<b>Fund Balances (Deficit) - Beginning of year</b>	(137,905)	(137,905)	(137,905)	-
<b>Fund Balances -End of year</b>	<b>\$ (137,905)</b>	<b>\$ 4,999</b>	<b>\$ 4,999</b>	<b>\$ - 0 -</b>

**City of Burton**  
**Community Development Special Revenue Fund**  
**Schedule of Expenditures**  
**For the Year Ended June 30, 2008**

Project Number	Description	Project Funds Expended During 2007-2008	Total Project Funds Expended Through June 30, 2008	Total Funds Available by Project	Transfers between Projects	Unexpended Balance at June 30, 2008
04-03	Street & sidewalk improvement:	\$ -	\$ -	\$ 215,926	\$ (94,037)	\$ 121,889
07-01	Park improvements	-	-	26,448	-	26,448
07-02	Senior center services	14,693	14,693	14,693	-	-
07-03	Senior center improvement:	-	-	8,816	-	8,816
07-04	Fire equipment	-	-	8,816	-	8,816
07-05	Ditch improvement	-	-	94,037	(94,037)	-
07-06	Street & sidewalk improvement:	-	-	94,037	-	94,037
07-07	Waterline project	-	-	94,037	188,074	282,111
<hr/>						
		<b>\$ 14,693</b>	<b>\$ 14,693</b>	<b>\$ 556,810</b>	<b>\$ - 0 -</b>	<b>\$ 542,117</b>



**City of Burton**  
**Capital Improvement Special Revenue Fund**  
**Schedule of Expenditures**  
**For the Year Ended June 30, 2008**

	Project Funds Expended During 2007-2008	Total Project Funds Expended Through June 30, 2008	Total Cumulative Funds Available by Project	Unexpended Balance at June 30, 2008
Park projects	<u>\$ 1,950</u>	<u>\$ 179,085</u>	<u>\$ 183,478</u>	<u>\$ 4,393</u>

## **Debt Service Funds**

### **Nonmajor Funds:**

General Debt Service - To accumulate funds for payment of the General Obligation Debt which are serial bonds. Financing is provided primarily by a special annual property tax levy. Property taxes and other revenues accumulated in excess of actual debt requirements are legally restricted to servicing this debt.

Major Street Construction Debt Service - To accumulate monies for payment of the Act 51 Michigan Transportation Fund Debt which are serial bonds due in annual installments of principal ranging from \$200,000 to \$250,000, plus interest, with maturity dates through February 1, 2013. Financing will be provided from the proceeds of state-collected taxes returned to the City of Burton as Act 51 monies, or in the case of insufficiency of the state-collected funds, out of the General Funds of the City.

Building Authority Debt Service - To accumulate monies for the payment of the Building Authority Debt which is serial bonds, which are two separate serial bonds; one for the police-fire facility and the other for the 2004 city hall addition and renovation. Financing for the debt service is provided through lease contracts with the City.

### **Major Funds:**

Special Assessment Debt Service Fund - Reported as a Major Fund this fund accumulates resources for the repayment of special assessment debt with governmental commitment. The list of projects with outstanding debt that are accounted for within this fund are listed on the following pages.

**City of Burton**  
**Debt Service Special Assessments - Project Number/Name Index**  
**June 30, 2008**

**Paving Projects**

P-97-4	Howe Road	P-97-5	Judd Road
P-97-6	Allen Street	P-97-7	Christner
P-97-8	Springfield	P-95-1	Brady Street
P-98-3	Scottwood	P-95-2	DeCamp Street
P-98-5	Maplewood Meadows #3 Subdivision	P-95-4	Norton Street
P-98-7	Webber Street	P-95-5	Packard Street
P-98-13	Maplewood Meadows #4, #5 Subdivision	P-95-9	Allen Street
P-98-14	Maple Pointe #8 Subdivision	P-95-10	Buder Avenue
P-99-1	Nelson Court	P-95-20	Parkwood Avenue
P-00-3	Brabbs Street	P-95-20A	Parkwood Avenue
P-02-2	Pratt & Wagner Avenues	P-96-5	Bergin Avenue
P-03-1	Pebble Creek Subdivision	P-96-7	Eugene & Milano Streets
P-04-1	Burton Estates #1 Subdivision	P-96-9	Williamson Avenue
P-04-2	Mallard Ponds Subdivision	P-97-2	James Street
P-04-3	Kosta Street	P-97-3	Mandeville
P-04-4	Dudley Avenue		

**City of Burton**  
**Debt Service Special Assessments - Project Number/Name Index - (continued)**  
**June 30, 2008**

**Water Projects**

W-98-3	Maple Pointe #8 Subdivision	W-97-1	Meadowcroft Subdivision
W-03-1	Pebble Creek Subdivision	W-98-1	Maplewood Meadows #3 Subdivision
W-04-1	Burton Estates #1 Subdivision	W-98-2	Maplewood Meadows #4, #5 Subdivision
W-04-2	Mallard Ponds Subdivision		

**Sanitary Sewer Projects**

SS-98-1	Maplewood Meadows #3 Subdivision	SS-03-1	Pebble Creek Subdivision
SS-98-2	Maplewood Meadows #4, #5 Subdivision	SS-04-1	Burton Estates #1 Subdivision
SS-98-3	Maple Pointe #8 Subdivision	SS-04-2	Mallard Ponds Subdivision

NOTE: The above noted special assessment improvements may only involve a portion of the referenced street or subdivision.

**City of Burton**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2008**  
**With Comparative Totals for June 30, 2007**

	General Debt Service	Major Street Construction Debt Service	Building Authority Debt Service
<b>Assets</b>			
Cash and cash equivalents	\$ 296,754	\$ 578	\$ 1,595
Due from other funds	-	-	-
Total assets	<b>\$ 296,754</b>	<b>\$ 578</b>	<b>\$ 1,595</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 247,200	\$ -	\$ -
Due to other funds	4	-	-
Total liabilities	247,204	-	-
Fund balances:			
Unreserved	49,550	578	1,595
Total fund balances	<b>\$ 296,754</b>	<b>\$ 578</b>	<b>\$ 1,595</b>

T o t a l s	
2008	2007
\$ 298,927	\$ 140,210
-	1,826
<b>\$ 298,927</b>	<b>\$ 142,036</b>

\$ 247,200	\$ -
4	-
247,204	-

51,723	142,036
<b>\$ 298,927</b>	<b>\$ 142,036</b>

**City of Burton**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2008**  
**With Comparative Totals for the Year Ended June 30, 2007**

	General Debt Service	Major Street Construction Debt Service	Building Authority Debt Service
<b>Revenue</b>			
Taxes	\$ 155,363	\$ -	\$ -
Intergovernmental - state	-	-	-
Interest	8,100	-	5
Miscellaneous	620	-	-
Total revenue	164,083	-	5
<b>Expenditures</b>			
Debt service:			
Principal retirement	240,000	200,000	135,000
Interest and fiscal charges	14,400	63,350	75,214
Total expenditures	254,400	263,350	210,214
Excess of Revenue Over (Under) Expenditures	(90,317)	(263,350)	(210,209)
<b>Other Financing Sources</b>			
Transfers in	-	263,350	210,213
Total other financing sources	-	263,350	210,213
Net Change in Fund Balances	(90,317)	-	4
<b>Fund Balances - Beginning of year</b>	139,867	578	1,591
<b>Fund Balances - End of year</b>	<b>\$ 49,550</b>	<b>\$ 578</b>	<b>\$ 1,595</b>

T o t a l s	
2008	2007
\$ 155,363	\$ 457,929
-	9,647
8,105	18,382
620	1,827
164,088	487,785
575,000	770,000
152,964	189,911
727,964	959,911
(563,876)	(472,126)
473,563	504,513
473,563	504,513
(90,313)	32,387
142,036	109,649
<b>\$ 51,723</b>	<b>\$ 142,036</b>



## **Internal Service Funds**

Motor Pool Fund - To account for the costs of operating and maintaining certain automotive and street maintenance equipment used by other city departments. Such costs are billed to the other departments based on rental rates established by the state of Michigan Department of Highways and Transportation. Actual costs include depreciation on the machinery and equipment used to provide the service. The majority of the machinery and equipment maintained in this fund was purchased by other City departments. Replacement of the assets will be financed by Motor Pool resources and continued contributions from other funds.

Self Insurance Health Care Fund - To initiate and oversee a self-insured health insurance plan, and to account for all related premiums and claims. Under the plan, the City provides health insurance coverage to each employee for the first \$25,000 of annual cumulative claims or \$721,600 for the whole plan, after which reinsurance covers the balance.

Technology - to account the costs of operating & maintaining the information technology services and equipment used by other city departments such costs are billed to the other departments based on historic cost average of usage of these services.

**City of Burton**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2008**  
**With Comparative Totals for June 30, 2007**

	Motor Pool	Self- Insurance Health Care	Technology
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 542,162	\$ -	\$ -
Accounts receivable	84	2,395	-
Due from other funds	238,637	-	81,099
Inventory	107,896	-	-
Total current assets	888,779	2,395	81,099
Noncurrent assets:			
Land	10,050	-	-
Buildings	360,525	-	-
Vehicles	2,907,310	-	-
Machinery and equipment	552,897	-	173,644
Less accumulated depreciation	(2,970,795)	-	(47,090)
Total capital assets (net of accumulated depreciation)	859,987	-	126,554
Total assets	1,748,766	2,395	207,653
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	47,109	30	1,563
Accrued liabilities	1,460	-	1,389
Due to other funds	-	789	-
Installment note payable-current	-	-	18,748
Capital lease payable-current	76,551	-	-
Total current liabilities	125,120	819	21,700
Non-current liabilities			
Installment note payable - Long-term	-	-	18,749
Capital lease payable - Long-term	90,440	-	-
Total non-current liabilities	90,440	-	18,749
Total liabilities	215,560	819	40,449
<b>Net Assets</b>			
Invested in capital assets, net of related deb	692,996	-	89,057
Unrestricted	840,210	1,576	78,147
Total net assets	\$ 1,533,206	\$ 1,576	\$ 167,204

T o t a l s	
2008	2007
\$ 542,162	\$ 276,447
2,479	1,758
319,736	398,550
107,896	68,982
972,273	745,737
10,050	10,050
360,525	351,771
2,907,310	2,872,814
726,541	701,036
(3,017,885)	(2,744,914)
986,541	1,190,757
1,958,814	1,936,494
48,702	52,559
2,849	2,477
789	7,249
18,748	43,955
76,551	28,833
147,639	135,073
18,749	43,955
90,440	166,991
109,189	210,946
256,828	346,019
782,053	950,978
919,933	639,497
<b>\$ 1,701,986</b>	<b>\$ 1,590,475</b>

**City of Burton**  
**Combining Statements of Revenue, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008**  
**With Comparative Totals for the Year Ended June 30, 2007**

	Motor Pool	Self- Insurance Health Care	Technology
<b>Operating Revenue</b>			
Charges for services	\$ 945,704	\$ 1,039,579	\$ 254,900
Sale of materials	204,936	-	-
Miscellaneous	974	-	70
Total operating revenue	1,151,614	1,039,579	254,970
<b>Operating Expenses</b>			
Personal services	182,270	-	113,925
Contractual services	3,038	-	94,912
Supplies	313,284	-	8,732
Materials	187,187	-	-
Repairs	159,889	-	293
Utilities	569	-	-
Depreciation	244,249	-	30,866
Insurance	30,729	865,683	149
Claims	-	173,896	-
Miscellaneous	2,079	-	19
Total operating expenses	1,123,294	1,039,579	248,896
<b>Operating Income (Loss)</b>	28,320	-	6,074
<b>Non-operating Revenue (Expenses)</b>			
Interest on investments	6,416	-	-
Interest and fiscal charges	(9,673)	-	-
Gain on sale of capital assets	759	-	-
Total non-operating revenue (expense)	(2,498)	-	-
<b>Income (Loss) before transfers</b>	25,822	-	6,074
Transfers from other funds	53,000	-	40,111
Transfers to other funds	(13,496)	-	-
<b>Change in Net Assets</b>	65,326	-	46,185
<b>Net Assets - Beginning of year</b>	1,467,880	1,576	121,019
<b>Net Assets - End of year</b>	<b>\$ 1,533,206</b>	<b>\$ 1,576</b>	<b>\$ 167,204</b>

T o t a l s	
2008	2007
\$ 2,240,183	\$ 1,736,529
204,936	217,827
1,044	231
2,446,163	1,954,587
296,195	225,144
97,950	74,277
322,016	366,662
187,187	173,363
160,182	110,672
569	8,680
275,115	282,035
896,561	587,788
173,896	163,259
2,098	3,395
2,411,769	1,995,275
34,394	(40,688)
6,416	11,856
(9,673)	(11,030)
759	3,801
(2,498)	4,627
31,896	(36,061)
93,111	228,939
(13,496)	(20,868)
111,511	172,010
1,590,475	1,418,465
<b>\$ 1,701,986</b>	<b>\$ 1,590,475</b>

**City of Burton**  
**Combining Statements of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008**  
**With Comparative Totals for the Year Ended June 30, 2007**

	Motor Pool	Self- Insurance Health Care	Technology	T o t a l s	
				2008	2007
<b>Cash Flows from Operating Activities:</b>					
Receipts from quasi-external transactions	\$1,024,465	\$ 1,038,865	\$ 254,946	\$ 2,318,276	\$ 1,523,761
Payments to suppliers	(741,254)	(1,038,865)	(109,571)	(1,889,690)	(1,449,494)
Payments to employees	(182,177)	-	(113,646)	(295,823)	(223,853)
Other operating revenue	205,910	-	70	205,980	218,058
Net cash provided by (used in) operating activities	306,944	-	31,799	338,743	68,472
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers from other funds	53,000	-	40,111	93,111	228,939
Transfers to other funds	(13,496)	-	-	(13,496)	(20,868)
Net cash provided by noncapital financing activities	39,504	-	40,111	79,615	208,071
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from installment note payable	-	-	-	-	111,490
Acquisition and construction of capital assets	(55,033)	-	(21,497)	(76,530)	(527,527)
Proceeds from sale of capital assets	6,390	-	-	6,390	16,146
Payments on installment note payable	-	-	(50,413)	(50,413)	(23,580)
Payments on capital lease	(28,833)	-	-	(28,833)	(27,476)
Interest paid on capital lease	(9,673)	-	-	(9,673)	(11,030)
Net cash used in capital and related financing activities	(87,149)	-	(71,910)	(159,059)	(461,977)
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	6,416	-	-	6,416	11,856
Net cash provided by investing activities:	6,416	-	-	6,416	11,856
<b>Net Increase (Decrease) in Cash and Cash Equivalents:</b>	265,715	-	-	265,715	(173,578)
<b>Cash and Cash Equivalents - Beginning of year:</b>	276,447	-	-	276,447	450,025
<b>Cash and Cash Equivalents - End of year:</b>	<b>\$ 542,162</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ 542,162</b>	<b>\$ 276,447</b>

(continued)

**City of Burton**  
**Combining Statements of Cash Flows**  
**Internal Service Funds (continued)**  
**For the Year Ended June 30, 2008**  
**With Comparative Totals for the Year Ended June 30, 2007**

	Motor Pool	Self- Insurance Health Care	Technology	T o t a l s	
				2008	2007
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating income (loss)	\$ 28,320	\$ -	\$ 6,074	\$ 34,394	\$ (40,688)
Adjustments to reconcile operating income (loss to net cash from operating activities					
Depreciation	244,249	-	30,866	275,115	282,035
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	1,674	(2,395)	-	(721)	(1,358)
(Increase) decrease in due from other funds	77,087	1,681	46	78,814	(211,455)
(Increase) decrease in inventory	(38,914)	-	-	(38,914)	34,620
Increase (decrease) in accounts payable	1,684	(75)	(5,466)	(3,857)	(3,222)
Increase (decrease) in accrued liabilities	93	-	279	372	1,291
Increase (decrease) in due to other funds	(7,249)	789	-	(6,460)	7,249
Total adjustments	278,624	-	25,725	304,349	109,160
Net cash provided by operating activities:	<b>\$ 306,944</b>	<b>\$ - 0 -</b>	<b>\$ 31,799</b>	<b>\$ 338,743</b>	<b>\$ 68,472</b>

## **Fiduciary Funds**

### **Agency Funds**

Current Tax Fund - To account for the collection and payment to the county, school districts, and other city funds of property taxes collected by the City on their behalf.

General Agency - To account for the collection and payment to the county, school districts, and other City funds of delinquent property taxes and trailer park fees collected by the City on their behalf. Also, to account for collections and payments for senior citizen activities.



**City of Burton  
All Agency Funds  
Combining Balance Sheet  
June 30, 2008  
With Comparative Totals for June 30, 2007**

	Current Tax Fund	General Agency	Totals	
			2008	2007
<b>Assets</b>				
Cash and cash equivalents	\$ 9,401	\$ 132,152	<b>\$ 141,553</b>	\$ 128,317
<b>Liabilities</b>				
Accounts payable	\$ 9,401	\$ 132,152	<b>\$ 141,553</b>	\$ 128,317

**City of Burton  
All Agency Funds  
Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b><u>Current Tax Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 7,075	\$ 31,091,653	\$ 31,089,327	\$ 9,401
<b>Liabilities</b>				
Accounts payable	\$ 7,075	\$ 10,801	\$ 8,475	\$ 9,401
Due to other governments	-	31,080,852	31,080,852	-
Total liabilities	\$ 7,075	\$ 31,091,653	\$ 31,089,327	\$ 9,401
<b><u>General Agency</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 121,242	\$ 1,818,697	\$ 1,807,787	\$ 132,152
Accounts payable	\$ 121,242	\$ 2,364,600	\$ 2,353,690	\$ 132,152
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 128,317	\$ 32,910,350	\$ 32,897,114	\$ 141,553
<b>Liabilities</b>				
Accounts payable	\$ 128,317	\$ 2,375,401	\$ 2,362,165	\$ 141,553
Due to other governments	-	31,080,852	31,080,852	-
Total liabilities	\$ 128,317	\$ 33,456,253	\$ 33,443,017	\$ 141,553

**Capital Assets used in the Operation of  
Governmental Funds**

**City of Burton**  
**Capital Assets used in the Operation of Governmental Funds**  
**Comparative Schedule by Source<sup>1</sup>**  
**June 30, 2008 and 2007**

	2008	2007
<b>Governmental Funds Capital Assets</b>		
Land	\$ 157,824	\$ 157,824
Buildings	5,735,771	5,710,286
Improvements other than buildings	1,063,822	1,061,872
Vehicles	1,926,351	1,690,029
Office equipment	838,258	805,822
Machinery and other equipment	963,889	936,343
Federal grant equipment	869,969	870,176
Infrastructure	39,027,306	37,960,260
	<hr/>	<hr/>
Total governmental funds capital assets	<b>\$ 50,583,190</b>	<b>\$ 49,192,612</b>
	<hr/>	<hr/>
<b>Investment in Governmental Funds Capital Assets by Source</b>		
General fund	\$ 15,518,163	\$ 15,382,861
Major and local funds	29,928,732	28,878,188
Police fund	755,424	550,483
Capital improvement fund	1,317,861	1,317,861
Federal entitlement grants	2,319,796	2,320,005
Federal restricted grants	743,214	743,214
	<hr/>	<hr/>
Total governmental funds capital assets	<b>\$ 50,583,190</b>	<b>\$ 49,192,612</b>
	<hr/>	<hr/>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

**City of Burton**  
**Capital Assets used in the Operation of Governmental Funds**  
**Schedule by Function and Activity<sup>1</sup>**  
**June 30, 2008**

	Total	Land	Buildings
<b>General Government</b>			
City Council	\$ 2,260	\$ -	\$ -
Mayor	69,974	-	-
Controller	18,471	-	-
Assessor	79,368	-	-
Elections	198,654	-	-
Clerk	7,094	-	-
Treasurer	14,496	-	-
City hall and grounds	1,892,230	140,314	1,543,221
Other City property	1,116,281	-	801,259
Building authority	3,685,914	-	3,391,291
Total general government	7,084,742	140,314	5,735,771
<b>Public Safety</b>			
Police	1,531,669	-	-
Fire	2,143,276	-	-
Building department	58,564	-	-
Total public safety	3,733,509	-	-
<b>Public Works and Utilities</b>	39,027,306	-	-
<b>Parks and Recreation</b>	737,633	17,510	-
Total governmental funds capital assets	<b>\$ 50,583,190</b>	<b>\$ 157,824</b>	<b>\$ 5,735,771</b>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

Improvements Other than Buildings	Vehicles	Office Equipment	Machinery and Equipment	Federal Grant Equipment	Infrastructure
\$ -	\$ -	\$ 2,260	\$ -	\$ -	\$ -
-	50,434	19,540	-	-	-
-	-	18,471	-	-	-
-	25,923	53,445	-	-	-
-	-	110,310	-	88,344	-
-	-	7,094	-	-	-
-	-	14,496	-	-	-
116,823	-	91,872	-	-	-
159,047	57,759	74,922	23,294	-	-
67,829	-	226,794	-	-	-
343,699	134,116	619,204	23,294	88,344	-
-	818,042	123,500	338,146	251,981	-
-	974,193	36,990	602,449	529,644	-
-	-	58,564	-	-	-
-	1,792,235	219,054	940,595	781,625	-
-	-	-	-	-	39,027,306
720,123	-	-	-	-	-
<b>\$ 1,063,822</b>	<b>\$ 1,926,351</b>	<b>\$ 838,258</b>	<b>\$ 963,889</b>	<b>\$ 869,969</b>	<b>\$ 39,027,306</b>

**City of Burton**  
**Capital Assets used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity<sup>1</sup>**  
**Year Ended June 30, 2008**

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets	
	July 1, 2007	Additions	Deductions	June 30, 2008	
<b>General Government</b>					
City Council	\$ 2,260	\$ -	\$ -	\$ 2,260	
Mayor	70,201	-	227	69,974	
Controller	18,471	-	-	18,471	
Assessor	79,368	-	-	79,368	
Elections	178,891	19,763	-	198,654	
Clerk	7,094	-	-	7,094	
Treasurer	16,001	-	1,505	14,496	
City hall and grounds	1,886,099	6,131	-	1,892,230	
Other city property	1,043,129	73,152	-	1,116,281	
Building authority	3,685,914	-	-	3,685,914	
Total general government	6,987,428	99,046	1,732	7,084,742	
<b>Public Safety</b>					
Police	1,326,937	229,627	24,895	1,531,669	
Fire	2,123,740	23,993	4,457	2,143,276	
Building department	58,564	-	-	58,564	
Total public safety	3,509,241	253,620	29,352	3,733,509	
<b>Public Works and Utilities</b>	37,960,260	2,139,803	1,072,757	39,027,306	
<b>Parks and Recreation</b>	735,683	1,950	-	737,633	
Total governmental funds capital assets	<b>\$ 49,192,612</b>	<b>\$ 2,494,419</b>	<b>\$ 1,103,841</b>	<b>\$ 50,583,190</b>	

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

**Debt Service Requirements to  
Maturity Schedule**

To account for long-term liabilities expected to be financed from governmental funds and the governmental activities internal service fund other than special assessment funds.



**City of Burton**  
**Annual Debt Service Requirements on**  
**Governmental Type Activity Debt**

<u>Year Ended</u>	<u>Debt Service Requirements</u>
6-30-2009	\$ 1,658,165
6-30-2010	1,574,874
6-30-2011	1,445,164
6-30-2012	1,407,188
6-30-2013	1,388,345
6-30-2014	1,020,899
6-30-2015	727,986
6-30-2016	775,249
6-30-2017	724,857
6-30-2018	699,283
6-30-2019	609,406
6-30-2020	266,825
6-30-2021	<u>157,500</u>
	<b><u><u>\$12,455,741</u></u></b>

Principal	\$10,359,884
Interest	<u>2,095,857</u>
	<b><u><u>\$12,455,741</u></u></b>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General obligation	\$ 3,024,884	\$ 766,598	\$ 3,791,482
Special assessment debt with governmental commitment	<u>7,335,000</u>	<u>1,329,259</u>	<u>8,664,259</u>
	<b><u><u>\$10,359,884</u></u></b>	<b><u><u>\$2,095,857</u></u></b>	<b><u><u>\$12,455,741</u></u></b>

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Michigan Act 51 Transportation Fund Bonds**  
**1998 Series**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal February 1</u>	<u>Balance</u>
			<u>August 1</u>	<u>February 1</u>		
						\$1,200,000
6-30-2009	4.65	\$253,800	\$26,900	\$26,900	\$200,000	1,000,000
6-30-2010	4.75	294,500	22,250	22,250	250,000	750,000
6-30-2011	4.80	282,625	16,313	16,312	250,000	500,000
6-30-2012	4.25	270,625	10,312	10,313	250,000	250,000
6-30-2013	4.00	260,000	5,000	5,000	250,000	-
		<b><u>\$1,361,550</u></b>	<b><u>\$80,775</u></b>	<b><u>\$80,775</u></b>	<b><u>\$1,200,000</u></b>	

Bonds of this series are dated May 1, 1998.

Bonds of this issue are not subject to redemption prior to maturity. These bonds and the interest therein are payable from the proceeds of state-collected taxes returned to the City of Burton as Act 51 monies, or in the case of insufficiency of the state-collected funds, out of the general funds of the City of Burton.

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Series 2002 Building Authority Bonds**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal April 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,525,000
6-30-2009	4.25	\$145,212	\$35,106	\$35,106	\$ 75,000	1,450,000
6-30-2010	4.10	142,025	33,513	33,512	75,000	1,375,000
6-30-2011	4.20	138,950	31,975	31,975	75,000	1,300,000
6-30-2012	4.30	160,800	30,400	30,400	100,000	1,200,000
6-30-2013	4.40	156,500	28,250	28,250	100,000	1,100,000
6-30-2014	4.50	152,100	26,050	26,050	100,000	1,000,000
6-30-2015	4.55	147,600	23,800	23,800	100,000	900,000
6-30-2016	4.60	193,050	21,525	21,525	150,000	750,000
6-30-2017	4.70	186,150	18,075	18,075	150,000	600,000
6-30-2018	4.75	179,100	14,550	14,550	150,000	450,000
6-30-2019	4.80	171,975	10,988	10,987	150,000	300,000
6-30-2020	4.85	164,775	7,388	7,387	150,000	150,000
6-30-2021	5.00	157,500	3,750	3,750	150,000	-
			<u><b>\$2,095,737</b></u>	<u><b>\$285,370</b></u>	<u><b>\$285,367</b></u>	<u><b>\$1,525,000</b></u>

Original amount - \$1,800,000

Purpose - City hall addition and renovation

Bonds of this series are dated March 1, 2002.

Bonds or portions thereof maturing in the years 2012 to 2021, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after April 1, 2011, at par and accrued interest.

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Capital Lease - Equipment**  
**Engine 22@ Station #2 & Engine 32@ Station #3**

<u>Year Ended</u>	<u>Payment</u>	<u>July 15</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
6-30-2009	\$52,083	\$5,790	\$46,293	\$95,396
6-30-2010	52,083	2,980	49,103	49,103
	<hr/>			-
	<b><u>\$104,166</u></b>	<b><u>\$ 8,770</u></b>	<b><u>\$95,396</u></b>	

Date of issue: April 6, 2006

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Capital Lease - DPW Vehicles**

<u>Year Ended</u>	<u>Payment</u>	<u>July 10</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
				\$166,991
6-30-2009	\$38,507	\$8,249	\$30,258	136,733
6-30-2010	38,506	6,754	31,752	104,981
6-30-2011	38,507	5,186	33,321	71,660
6-30-2012	38,506	3,540	34,966	36,694
6-30-2013	38,506	1,812	36,694	-
	<u><b>\$192,532</b></u>	<u><b>\$ 25,541</b></u>	<u><b>\$166,991</b></u>	

Date of issue: June 30, 2004

Interest rate: 4.9397%

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Installment Purchase Agreement**  
**BS&A Software**

<u>Year</u> <u>Ended</u>	<u>Payment</u>	<u>July 15</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
6-30-2009	\$ 37,497	\$ -	\$ 37,497	\$ 37,497
				-
	<u>\$ 37,497</u>	<u>\$ -0-</u>	<u>\$ 37,497</u>	

Date of issue: February 1, 2007

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Special Assessment Debt with Governmental Commitment**  
**Projects P-96-5, P-96-7, and P-96-9**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2009	5.20	\$ 30,780	\$ 780	-	\$30,000	\$ 30,000
		<u>\$ 30,780</u>	<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 30,000</u>	-

<u>Fund</u>	<u>Balance June 30, 2008</u>	<u>Collection Period %</u>
P-96-5	\$ 3,492	11.8%
P-96-7	18,386	61.1
P-96-9	8,122	27.1
	<u>\$ 30,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1997.

Bonds maturing in the years 2006 to 2008, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2005, at par and accrued interest.

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Special Assessment Debt with Governmental Commitment**  
**Projects P-97-2, P-97-3, P-97-4, P-97-5, P-97-6, P-97-7, P-97-8, and W-97-1**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2009	4.70	\$ 88,983	\$ 7,873	\$ 6,110	\$ 75,000	\$320,000
6-30-2010	4.80	85,420	6,110	4,310	75,000	245,000
6-30-2011	4.90	47,640	4,310	3,330	40,000	170,000
6-30-2012	5.00	26,160	3,330	2,830	20,000	130,000
6-30-2013	5.10	25,150	2,830	2,320	20,000	110,000
6-30-2014	5.10	24,130	2,320	1,810	20,000	90,000
6-30-2015	5.15	23,105	1,810	1,295	20,000	70,000
6-30-2016	5.15	22,075	1,295	780	20,000	50,000
6-30-2017	5.20	16,170	780	390	15,000	30,000
6-30-2018	5.20	15,390	390	-	15,000	15,000
		<u>\$374,223</u>	<u>\$ 31,048</u>	<u>\$ 23,175</u>	<u>\$320,000</u>	<u>-</u>

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2008</u>	<u>Collection Period %</u>
P-97-2	12 years	\$ 18,795	6.4%
P-97-3	12 years	24,188	8.2
P-97-4	12 years	16,430	5.6
P-97-5	12 years	17,650	6.0
P-97-6	12 years	22,677	7.7
P-97-7	12 years	15,825	5.4
P-97-8	12 years	59,640	20.2
W-97-1	20 years	144,795	40.5
		<u>\$320,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1998.

Bonds maturing in the years 2005 to 2017, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.



**City of Burton**  
**Schedule of Debt Service Requirements**  
**Special Assessment Debt with Governmental Commitment**  
**Projects P-98-5, W-98-1, and SS-98-1**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$590,000
6-30-2009	4.20	\$123,115	\$ 12,608	\$ 10,507	\$100,000	490,000
6-30-2010	4.20	118,915	10,507	8,408	100,000	390,000
6-30-2011	4.25	114,690	8,408	6,282	100,000	290,000
6-30-2012	4.30	110,415	6,282	4,133	100,000	190,000
6-30-2013	4.35	106,090	4,133	1,957	100,000	90,000
6-30-2014	4.35	91,957	1,957	-	90,000	-
		<b><u>\$665,182</u></b>	<b><u>\$ 43,895</u></b>	<b><u>\$ 31,287</u></b>	<b><u>\$590,000</u></b>	

<u>Fund</u>	<u>Balance June 30, 2008</u>	<u>Collection Period %</u>
P-98-5	\$368,750	62.5%
W-98-1	94,045	16.0
SS-98-1	127,205	21.5
	<b><u>\$590,000</u></b>	<b><u>100.0%</u></b>

Bonds of this series are dated October 1, 1998.

Bonds or portions thereof maturing in the years 2005 to 2014, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest, plus a premium, as follows:

1% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to October 1, 2006.

½% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2006, but prior to October 1, 2008.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2008.

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Special Assessment Debt with Governmental Commitment**  
**Projects P-98-3, P-98-7, P-98-13, P-98-14, W98-2, W-98-3, SS-98-2, and SS-98-3**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2009	4.30	\$ 216,100	\$22,432	\$18,668	\$175,000	\$975,000
6-30-2010	4.45	184,000	18,668	15,332	150,000	800,000
6-30-2011	4.60	177,213	15,332	11,881	150,000	650,000
6-30-2012	4.70	170,237	11,881	8,356	150,000	500,000
6-30-2013	4.75	187,556	8,356	4,200	175,000	350,000
6-30-2014	4.80	179,200	4,200	-	175,000	175,000
		<b>\$1,114,306</b>	<b>\$80,869</b>	<b>\$58,437</b>	<b>\$975,000</b>	-

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2008</u>	<u>Collection Period %</u>
P-98-3	12 years	\$ 26,320	3.0%
P-98-7	12 years	46,850	5.3
P-98-13	15 years	420,590	42.8
P-98-14	15 years	152,640	15.5
W-98-2	15 years	104,635	10.5
W-98-3	15 years	38,270	4.0
SS-98-2	15 years	112,840	11.4
SS-98-3	15 years	72,855	7.5
		<b>\$975,000</b>	<b>100.0%</b>

Bonds of this series are dated May 1, 1999.

Bonds or portions thereof maturing in the years 2004 to 2013, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest, plus a premium, as follows:

½% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to October 1, 2004.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2004.

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Special Assessment Debt with Governmental Commitment**  
**Projects P-99-1, P-00-3, and P-02-2**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2009	2.25	\$ 34,906	\$ 5,094	\$ 4,812	\$ 25,000	\$325,000
6-30-2010	2.55	34,306	4,812	4,494	25,000	300,000
6-30-2011	2.80	33,638	4,494	4,144	25,000	275,000
6-30-2012	3.00	32,913	4,145	3,768	25,000	250,000
6-30-2013	3.05	32,156	3,768	3,388	25,000	225,000
6-30-2014	3.15	31,381	3,388	2,993	25,000	200,000
6-30-2015	3.25	30,581	2,993	2,588	25,000	175,000
6-30-2016	3.35	54,337	2,587	1,750	50,000	150,000
6-30-2017	3.45	52,637	1,750	887	50,000	100,000
6-30-2018	3.55	50,887	887	-	50,000	50,000
		<b><u>\$387,742</u></b>	<b><u>\$ 33,918</u></b>	<b><u>\$ 28,824</u></b>	<b><u>\$325,000</u></b>	<b><u>-</u></b>

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2008</u>	<u>Collection Period %</u>
P-99-1	15 years	\$ 40,625	12.5%
P-00-3	15 years	67,714	20.8
P-02-2	15 years	216,661	66.7
		<b><u>\$325,000</u></b>	<b><u>100.0%</u></b>

Bonds of this series are dated June 1, 2002.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2009 to 2017, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2008, at par and accrued interest to the date fixed for redemption.

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Special Assessment Debt with Governmental Commitment**  
**Projects P-03-1, W-03-1, and SS-03-1**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2009	2.25	\$ 265,850	\$ 34,050	\$ 31,800	\$ 200,000	\$2,200,000
6-30-2010	2.55	261,050	31,800	29,250	200,000	2,000,000
6-30-2011	2.80	255,700	29,250	26,450	200,000	1,800,000
6-30-2012	3.00	249,900	26,450	23,450	200,000	1,600,000
6-30-2013	3.05	243,850	23,450	20,400	200,000	1,400,000
6-30-2014	3.15	237,650	20,400	17,250	200,000	1,200,000
6-30-2015	3.25	231,250	17,250	14,000	200,000	1,000,000
6-30-2016	3.35	224,650	14,000	10,650	200,000	800,000
6-30-2017	3.45	217,850	10,650	7,200	200,000	600,000
6-30-2018	3.55	210,850	7,200	3,650	200,000	400,000
6-30-2019	3.65	203,650	3,650	-	200,000	200,000
		<b><u>\$2,602,250</u></b>	<b><u>\$218,150</u></b>	<b><u>\$184,100</u></b>	<b><u>\$2,200,000</u></b>	<b><u>-</u></b>

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2008</u>	<u>Collection Period %</u>
P-03-1	16 years	\$1,513,692	68.8%
W-03-1	16 years	291,566	13.2
SS-03-1	16 years	394,742	18.0
		<b><u>\$2,200,000</u></b>	<b><u>100.0%</u></b>

Bonds of this series are dated June 1, 2003.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2009 to 2018, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2008, at par and accrued interest to the date fixed for redemption.

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Special Assessment Debt with Governmental Commitment**  
**Projects P-04-1, W-04-1, and SS-04-1**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,500,000
6-30-2009	2.40	\$ 200,162	\$ 25,981	\$ 24,181	\$ 150,000	1,350,000
6-30-2010	2.70	196,338	24,181	22,157	150,000	1,200,000
6-30-2011	3.00	192,063	22,156	19,907	150,000	1,050,000
6-30-2012	3.30	187,337	19,906	17,431	150,000	900,000
6-30-2013	3.45	182,275	17,431	14,844	150,000	750,000
6-30-2014	3.65	152,406	14,844	12,562	125,000	625,000
6-30-2015	3.80	147,751	12,563	10,188	125,000	500,000
6-30-2016	3.90	142,938	10,188	7,750	125,000	375,000
6-30-2017	4.00	138,000	7,750	5,250	125,000	250,000
6-30-2018	4.15	132,906	5,250	2,656	125,000	125,000
6-30-2019	4.25	127,656	2,656	-	125,000	-
		<b><u>\$1,799,832</u></b>	<b><u>\$162,906</u></b>	<b><u>\$136,926</u></b>	<b><u>\$1,500,000</u></b>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2008</u>	<u>Collection Period %</u>
P-04-1	15 years	\$951,613	63.4%
W-04-1	15 years	257,688	17.2
SS-04-1	15 years	290,699	19.4
		<b><u>\$1,500,000</u></b>	<b><u>100.0%</u></b>

Bonds of this series are dated April 1, 2004.

Bonds maturing in the years 2004 to 2012, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2013 to 2018, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2012, at par and accrued interest to the date fixed for redemption.

**City of Burton**  
**Schedule of Debt Service Requirements**  
**Special Assessment Debt with Governmental Commitment**  
**Projects P-04-2, P-04-3, P-04-4, W-04-2 and SS-04-2**

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2009	2.75	\$ 171,169	\$ 23,944	\$ 22,225	\$ 125,000	\$1,395,000
6-30-2010	2.75	167,731	22,225	20,506	125,000	1,270,000
6-30-2011	3.00	164,137	20,506	18,631	125,000	1,145,000
6-30-2012	3.15	160,294	18,631	16,663	125,000	1,020,000
6-30-2013	3.30	156,263	16,663	14,600	125,000	895,000
6-30-2014	3.40	152,075	14,600	12,475	125,000	770,000
6-30-2015	3.60	147,700	12,475	10,225	125,000	645,000
6-30-2016	3.75	138,200	10,225	7,975	120,000	520,000
6-30-2017	3.80	114,050	7,975	6,075	100,000	400,000
6-30-2018	4.00	110,150	6,075	4,075	100,000	300,000
6-30-2019	4.05	106,125	4,075	2,050	100,000	200,000
6-30-2020	4.10	102,050	2,050	-	100,000	100,000
		<b><u>\$1,689,944</u></b>	<b><u>\$159,444</u></b>	<b><u>\$135,500</u></b>	<b><u>\$1,395,000</u></b>	<b><u>-</u></b>

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2008</u>	<u>Collection Period %</u>
P-04-2	15 years	\$ 774,437	55.5%
P-04-3	12 years	45,390	3.3
P-04-4	12 years	55,218	3.9
W-04-2	15 years	231,317	16.6
SS-04-2	15 years	288,638	20.7
		<b><u>\$1,395,000</u></b>	<b><u>100.0%</u></b>

Bonds of this series are dated September 1, 2004.

Bonds maturing in the years 2005 to 2012, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2013 to 2019, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any date on or after October 1, 2012, at par and accrued interest to the date fixed for redemption.

## **Statistical Section**

## **GASB Statement 44, Economic Condition Reporting**

### *STATISTICAL SECTION CONTENTS*

#### Financial Trend Information:

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- Changes in Governmental Net Assets
- Changes in Business Type Net Assets
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

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- Demographic and economic statistics
- Principal employers

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**City of Burton**  
**Net Assets by Component**

	June 30,					
	2003	2004	2005	2006	2007	2008
<b>Governmental Activities:</b>						
Invested in capital assets, net of related debt	11,003,333	\$ 10,991,151	\$ 12,840,578	\$ 14,207,079	\$ 17,350,796	\$ 19,194,762
Restricted	9,803,425	14,722,506	15,477,423	13,275,078	11,047,945	9,381,060
Unrestricted	7,050,164	2,909,596	2,316,737	3,387,018	2,748,954	3,249,417
Total net assets	27,856,922	\$ 28,623,253	\$ 30,634,738	\$ 30,869,175	\$ 31,147,695	\$ 31,825,239
<b>Business Type Activities:</b>						
Invested in capital assets, net of related debt	38,479,388	\$ 40,193,641	\$ 41,200,361	\$ 41,393,315	\$ 40,964,368	\$ 41,045,432
Restricted	235,921	235,921	235,921	288,794	302,882	302,392
Unrestricted	11,103,179	11,144,311	11,177,040	11,871,743	12,462,518	12,413,388
Total net assets	49,818,488	\$ 51,573,873	\$ 52,613,322	\$ 53,553,852	\$ 53,729,768	\$ 53,761,212
<b>Primary government in total:</b>						
Invested in capital assets, net of related debt	49,482,721	\$ 51,184,792	\$ 54,040,939	\$ 55,600,394	\$ 58,315,164	\$ 60,240,194
Restricted	10,039,346	14,958,427	15,713,344	13,563,872	11,350,827	9,683,452
Unrestricted	18,153,343	14,053,907	13,493,777	15,258,761	15,211,472	15,662,805
Total net assets	77,675,410	\$ 80,197,126	\$ 83,248,060	\$ 84,423,027	\$ 84,877,463	\$ 85,586,451

Information for years prior to the implementation of GASB 34 is not available. First year of implementation was 2003.

**City of Burton**  
**Changes in Governmental Net Assets**

	Fiscal Year Ended June 30,					
	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
General government	\$ 725,101	\$ 2,218,324	\$ 1,864,066	\$ 1,982,461	\$ 1,837,845	\$ 1,956,552
Public Service	1,819,002	3,094,584	1,754,456	1,982,019	1,987,506	2,033,848
Public Safety	5,663,559	6,296,695	6,035,319	5,624,006	5,422,371	5,804,573
Public Works	1,617,045	1,895,436	2,749,461	3,793,648	4,807,487	4,249,931
Parks and Recreation	61,852	100,722	69,319	96,359	82,957	125,835
Planning and Zoning	83,586	90,016	90,087	78,018	88,635	96,912
Health and welfare	-	-	-	-	63,710	372,116
Interest on long-term debt	657,920	631,469	661,562	598,768	519,057	446,741
Total governmental activities	10,628,065	14,327,246	13,224,270	14,155,279	14,809,568	15,086,508
<b>Program Revenues</b>						
Charges for services						
General government	424,135	599,541	665,068	734,072	736,276	808,139
Public Service	1,133,940	4,241,193	2,950,024	1,352,688	1,407,128	1,489,119
Public Safety	85,398	90,304	85,428	632,536	340,248	351,128
Public Works	129,710	-	968,043	335,530	376,543	368,798
Total charges for services	1,796,333	4,931,038	4,668,563	3,054,826	2,860,195	3,017,184
Operating grants and contributions	2,905,616	3,427,071	3,578,668	3,166,982	2,885,207	3,026,807
Capital grants and contributions	3,620,319	108,782	15,165	148,046	1,318,559	976,866
Total program revenue	8,322,268	8,466,891	8,262,396	6,369,854	7,063,961	7,020,857
<b>Net (Expense) Revenue</b>	<b>(2,305,797)</b>	<b>(5,860,355)</b>	<b>(4,961,874)</b>	<b>(7,785,425)</b>	<b>(7,745,607)</b>	<b>(8,065,651)</b>
General revenues:						
Property taxes	4,618,537	4,246,263	4,292,604	4,421,288	4,588,302	5,341,452
State-shared revenues	2,974,857	2,703,933	2,674,385	2,644,622	2,565,859	2,566,449
Unrestricted Grants and Contributions	668,141	326,492	410,776	282,392	291,221	352,054
Unrestricted Investment Earnings	229,256	366,566	548,019	684,620	712,755	477,282
Gain on Disposal of Capital Assets	(45,617)	9,256	9,627	38,652	13,310	5,958
Special Item - special assessment roll change	-	-	-	-	(259,861)	-
Transfers	2,926	(1,025,924)	(962,052)	(51,712)	112,541	-
Total general revenue and transfers	8,448,100	6,626,586	6,973,359	8,019,862	8,024,127	8,743,195
<b>Change in Net Assets</b>	<b>\$ 6,142,303</b>	<b>\$ 766,231</b>	<b>\$ 2,011,485</b>	<b>\$ 234,437</b>	<b>\$ 278,520</b>	<b>\$ 677,544</b>

Information for years prior to the implementation of GASB 34 is not available. First year of implementation was 2003.

**City of Burton**  
**Changes in Business Type Net assets**

	2003	2004
Operating Revenue		
Sale of water	\$ 2,039,030	\$ 2,231,784
Sewage disposal charges	2,623,060	2,592,819
Interest and penalty charges	123,947	123,075
Other charges for services	173,403	229,035
Total operating revenue	4,959,440	5,176,713
Operating Expenses		
Cost of water produced/purchased	1,164,105	1,409,051
Cost of sewage treatment	1,837,698	2,008,861
Other operation and maintenance costs	1,614,631	1,609,400
Billing and administrative costs	55,265	38,145
Depreciation	644,621	692,981
Total operating expenses	5,316,320	5,758,438
<b>Operating Income (Loss)</b>	(356,880)	(581,725)
Nonoperating Revenue (Expenses)		
Interest income	11,258	9,117
Investment income	163,246	113,714
Interest expense	(121,550)	(119,362)
Gain (loss) on disposal of assets	-	-
Income (Loss) - Before contributions and other items	(303,926)	(578,256)
Capital Contributions	415,387	1,305,641
Special assessments	-	2,076
Total capital contributions	415,387	1,307,717
Transfers from other funds	-	1,028,924
Transfers to other funds	(2,926)	(3,000)
<b>Change in Net Assets</b>	<b>\$ 108,535</b>	<b>\$ 1,755,385</b>

Fiscal Year Ended June 30,

2005	2006	2007	2008
\$ 2,249,907	\$ 2,573,652	\$ 2,441,331	\$ 2,855,743
2,587,482	2,700,145	3,344,837	3,095,334
136,779	67,481	71,752	100,741
206,401	34,552	14,069	16,059
5,180,569	5,375,830	5,871,989	6,067,877
1,530,540	1,450,183	1,591,698	1,810,276
1,932,429	1,894,867	1,973,375	2,256,136
1,620,875	1,696,721	1,851,446	1,754,478
43,928	35,893	30,769	28,381
691,135	713,244	730,205	734,783
5,818,907	5,790,908	6,177,493	6,584,054
(638,338)	(415,078)	(305,504)	(516,177)
8,558	8,597	6,389	8,247
207,897	439,947	589,839	477,919
(116,593)	(113,043)	(109,787)	(105,562)
19,637	-	-	-
(518,839)	(79,577)	180,937	(135,573)
596,236	968,395	107,520	167,017
-	-	-	-
596,236	968,395	107,520	167,017
965,052	55,712	25,088	-
(3,000)	(4,000)	(137,629)	-
\$ 1,039,449	\$ 940,530	\$ 175,916	\$ 31,444

**City of Burton**

**Fund Balances, Governmental Funds**

	June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund:										
Reserved	\$ 156,929	\$ 240,068	\$ 252,459	\$ 282,955	\$ 313,392	\$ 530,816	\$ 454,279	\$ 445,906	\$ 423,053	\$ 429,838
Unreserved	1,497,419	1,842,516	1,899,905	1,609,734	1,768,506	1,189,778	1,420,956	1,633,703	1,599,584	1,811,032
Total general fund	<u>\$ 1,654,348</u>	<u>\$ 2,082,584</u>	<u>\$ 2,152,364</u>	<u>\$ 1,892,689</u>	<u>\$ 2,081,898</u>	<u>\$ 1,720,594</u>	<u>\$ 1,875,235</u>	<u>\$ 2,079,609</u>	<u>\$ 2,022,637</u>	<u>\$ 2,240,870</u>
All other governmental funds:										
Reserved	\$ 3,181,033	\$ 3,235,058	\$ 4,151,849	\$ 4,705,790	\$ 4,743,971	\$ 4,511,126	\$ 4,578,768	\$ 4,855	\$ 4,793	\$ 6,159
Unreserved, reported in:										
Special revenue funds	1,520,224	1,592,736	1,753,685	1,924,456	3,252,568	2,477,813	2,625,030	3,427,427	2,040,522	1,516,115
Debt services funds	-	-	-	-	-	-	-	4,034,490	4,377,956	3,819,797
Capital project funds	3,094,400	215,775	31,633	1,198,293	1,894,358	2,024,762	750,740	577,642	-	-
<b>Total all other governmental funds</b>	<u>\$ 7,795,657</u>	<u>\$ 5,043,569</u>	<u>\$ 5,942,167</u>	<u>\$ 7,833,539</u>	<u>\$ 9,895,897</u>	<u>\$ 9,013,701</u>	<u>\$ 7,954,538</u>	<u>\$ 8,044,414</u>	<u>\$ 6,423,271</u>	<u>\$ 5,342,071</u>

**City of Burton**  
**Changes in Fund Balances, Governmental Funds**

	1999	2000	2001
<b>Revenue</b>			
Property taxes	\$ 3,751,050	\$ 3,898,239	\$ 4,070,202
Special Assessments	871,606	1,259,921	1,622,467
Licenses and permits	486,123	518,313	568,492
Federal grants	188,155	638,235	398,229
State-shared revenues (and grants)	4,103,444	4,457,368	4,857,818
Local	547,612	461,881	120,480
Charges for services	1,564,032	1,650,984	1,756,856
Fines and forfeitures	124,083	99,989	114,784
Interest	684,575	774,639	705,009
Miscellaneous	206,871	193,297	169,156
Total revenue	12,527,551	13,952,866	14,383,493
<b>Expenditures</b>			
Current:			
General government	1,576,958	1,699,387	1,805,473
Public Service	1,683,018	1,838,712	1,920,914
Public safety:			
Police and Fire	3,925,894	4,087,047	4,547,584
Building inspections	293,842	281,151	331,921
Public works:			
Streets	1,105,242	909,272	1,223,576
Parks and recreation	21,244	39,478	85,958
Planning	93,237	77,943	91,675
Health and wefare	-	-	-
Capital outlay	5,042,752	4,902,795	401,992
Debt service principal	2,025,873	2,171,037	2,275,912
Debt service interest	836,309	947,844	801,194
Total expenditures	16,604,369	16,954,666	13,486,199
<b>Excess of Revenue Over (Under) Expenditures</b>	(4,076,818)	(3,001,800)	897,294
Other Financing Sources (Uses)			
Debt issuance	3,940,000	-	-
Sale of fixed assets	19,044	81,776	42,068
Transfers in	4,074,283	3,956,112	4,255,994
Transfers out	(3,914,776)	(3,756,342)	(4,084,294)
Total other financing sources (uses)	4,118,551	677,948	213,768
<b>Special Item - Special assessment roll change</b>	-	-	-
<b>Net change in fund balances</b>	41,733	(2,323,852)	1,111,062
<b>Fund Balances - Beginning of year</b>	9,408,272	9,450,005	7,126,153
<b>Fund Balances - End of year</b>	\$ 9,450,005	\$ 7,126,153	\$ 8,237,215
Debt service as a percentage of noncapital expenditures	24.76%	25.88%	23.52%

Fiscal Year Ended June 30,						
2002	2003	2004	2005	2006	2007	2008
\$ 4,246,019	\$ 4,618,537	\$ 4,246,263	\$ 4,292,603	\$ 4,423,110	\$ 4,588,302	\$ 5,341,452
1,615,069	1,010,984	496,260	911,242	1,533,535	930,343	522,440
464,378	273,534	531,829	537,698	564,718	379,501	387,973
849,369	649,260	781,399	913,603	664,308	369,023	191,385
5,012,184	4,977,381	5,458,387	5,354,614	5,288,281	5,196,663	5,147,563
39,612	439,250	497,953	474,180	139,419	65,491	215,943
1,650,592	1,666,623	1,687,440	1,777,398	1,857,097	1,915,645	2,056,980
114,429	94,835	105,520	186,170	240,287	331,230	392,085
367,341	226,786	365,535	545,451	620,333	700,899	470,866
196,030	223,565	219,457	224,603	202,393	93,816	116,174
14,555,023	14,180,755	14,390,043	15,217,562	15,533,481	14,570,913	14,842,861
1,909,425	1,904,436	2,000,542	1,864,066	1,905,976	1,741,789	1,887,541
1,839,800	1,819,002	1,669,874	1,788,488	1,833,503	1,987,506	2,033,848
4,947,608	5,299,298	5,747,162	5,721,139	4,939,932	5,258,747	5,513,244
338,309	331,586	324,760	314,179	604,196	420,036	323,413
1,062,793	1,312,656	1,614,097	1,731,324	1,724,830	2,028,813	2,028,578
124,535	100,128	60,582	35,287	44,085	39,007	64,459
87,002	83,586	90,016	90,088	78,018	88,635	96,912
-	-	-	-	-	63,710	372,115
1,588,402	1,737,094	2,687,880	2,886,290	1,488,509	2,171,223	1,319,362
2,095,310	2,168,520	1,803,521	1,830,062	1,960,000	1,795,000	1,555,001
674,047	657,920	625,158	648,011	586,446	508,027	436,939
14,667,231	15,414,226	16,623,592	16,908,934	15,165,495	16,102,493	15,631,412
(112,208)	(1,233,471)	(2,233,549)	(1,691,372)	367,986	(1,531,580)	(788,551)
1,800,000	3,445,000	2,025,000	1,770,000	-	-	-
1,593	24,440	14,931	3,124	22,480	9,509	5,199
4,301,338	4,306,522	4,640,350	4,523,643	4,905,418	5,117,844	4,352,412
(4,359,033)	(4,290,917)	(5,690,231)	(5,509,918)	(5,001,634)	(5,213,374)	(4,432,027)
1,743,898	3,485,045	990,050	786,849	(73,736)	(86,021)	(74,416)
-	-	-	-	-	(60,514)	-
1,631,690	2,251,574	(1,243,499)	(904,523)	294,250	(1,678,115)	(862,967)
8,094,531	9,726,221	11,977,795	10,734,296	9,829,773	10,124,023	8,445,908
\$ 9,726,221	\$ 11,977,795	\$ 10,734,296	\$ 9,829,773	\$ 10,124,023	\$ 8,445,908	\$ 7,582,941
21.17%	20.67%	17.43%	17.67%	18.62%	16.53%	13.92%

## **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.



**City of Burton**

**Taxable Value and Actual Value of Taxable Property**

Tax Year	Fiscal year ended June 30,	Taxable Value by Property Type:					Tax rate (mills)	Estimated Actual Value	Value as a % of Actual
		Real property:			Personal property	Total Value			
		Residential	Commercial	Industrial					
1998	1999	294,017,120	95,510,610	28,644,820	56,178,300	474,350,850	7.91	1,010,019,160	46.96%
	1999	310,435,650	100,855,050	30,230,210	57,223,500	498,744,410	7.80	1,088,972,940	45.80%
	2000	330,567,310	109,662,644	30,963,650	60,835,190	532,028,794	7.66	1,183,968,428	44.94%
	2001	356,363,100	115,659,300	33,982,460	64,749,800	570,754,660	7.45	1,294,050,040	44.11%
	2002	381,823,420	121,617,860	34,001,390	64,092,500	601,535,170	7.33	1,203,244,340	49.99%
	2003	404,109,100	126,512,810	33,689,690	62,368,900	626,680,500	6.80	1,511,550,880	41.46%
	2004	430,720,540	131,100,970	34,832,340	64,036,900	660,690,750	6.48	1,604,732,780	41.17%
	2005	465,505,260	137,792,640	36,317,740	57,257,100	696,872,740	6.36	1,706,015,160	40.85%
	2006	506,501,753	146,063,658	37,343,470	53,938,310	743,847,191	6.34	1,813,543,024	41.02%
	2007	534,321,526	149,580,942	38,613,519	53,890,817	776,406,804	6.89	1,860,191,890	41.74%

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

**City of Burton**

**Direct and Overlapping Property Tax Rates**

Tax Year	Millage rates - direct city taxes				Overlapping taxes								Total tax rate:	
	General operating	Debt	Police	Total direct taxes	DDA	County	Airport	MTA	Community college	Intermediate school district	School: Homestead	School: Non-homestead	Homestead	Non-homestead
1998	4.84	2.10	0.97	7.91	1.93	13.36	0.49	0.40	1.87	3.60	-	18.00	29.56	47.56
1999	4.83	2.00	0.97	7.80	1.93	13.34	0.49	0.40	1.87	3.61	-	18.00	29.44	47.44
2000	4.80	1.90	0.96	7.66	1.93	13.34	0.49	0.40	1.87	3.59	-	17.92	29.28	47.20
2001	4.79	1.70	0.96	7.45	1.84	13.32	0.49	0.40	2.87	3.58	1.99	19.91	31.94	49.86
2002	4.78	1.60	0.95	7.33	1.91	13.30	0.49	0.40	2.83	3.57	3.48	21.40	33.31	51.23
2003	4.75	1.10	0.95	6.80	1.89	13.26	0.49	0.40	2.75	3.55	3.48	21.40	32.62	50.54
2004	4.74	0.75	0.99	6.48	1.89	13.23	0.48	0.79	2.68	3.54	3.48	21.40	32.57	50.49
2005	4.72	0.65	0.99	6.36	1.89	13.23	0.48	0.79	2.68	3.54	3.46	21.38	32.43	50.35
2006	4.71	0.65	0.99	6.34	1.89	14.92	0.48	0.80	2.68	3.53	3.20	21.12	33.86	51.78
2007	4.71	0.20	1.99	6.89	1.89	14.92	0.48	0.80	2.68	3.53	3.30	21.22	34.51	52.42

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General operating	Debt	Police
2007	4.71	0.20	1.99

**City of Burton**  
**Principal Property Tax Payers**

	Taxpayer	2007 Taxable Value	Percentage of total	1998 Taxable Value	Percentage of total	1998 rank
1	Consumers Energy	15,072,094	1.93%	14,692,200	3.29%	1
2	TDC Courtland Leaseco, L.L.C.	11,183,000	1.00%	10,802,400	2.42%	3
3	Meijer, Inc	6,899,300	1.18%	5,481,800	1.23%	5
4	Lowes Home Centers, Inc.	5,539,500	1.18%	N/A	N/A	N/A
5	Wal-Mart Real Estate Business Trust	5,791,300	1.09%	4,039,100	0.91%	6
6	General Warehouse Corp.	3,523,300	1.58%	N/A	N/A	N/A
7	Home Depot U.S.A., Inc.	3,796,400	1.17%	3,214,900	0.72%	8
8	Porrett Investments	3,742,000	1.00%	14,146,300	3.17%	2
9	Kroger	3,243,900	1.14%	N/A	N/A	N/A
10	National Amusements	3,309,700	1.10%	3,232,900	0.72%	7

Information for this table provided by the City's Assessor's Department.

**City of Burton**  
**Property Tax Levies and Collections**

Tax Year	Fiscal year ended June 30,	Total levy	Current collections	Percent collected	Delinquent collections	Total tax collections	Percent of levy collected
1998	1999	3,744,863	3,462,489	92.5%	269,814	3,732,303	99.7%
1999	2000	3,914,383	3,657,225	93.4%	244,598	3,901,823	99.7%
2000	2001	4,076,132	3,772,068	92.5%	281,916	4,053,984	99.5%
2001	2002	4,246,434	3,915,109	92.2%	307,834	4,222,943	99.4%
2002	2003	4,401,935	4,117,703	93.5%	264,518	4,382,221	99.6%
2003	2004	4,288,160	3,995,920	93.2%	268,037	4,263,957	99.4%
2004	2005	4,285,315	4,015,816	93.7%	247,053	4,262,869	99.5%
2005	2006	4,429,094	4,117,667	93.0%	288,715	4,406,382	99.5%
2006	2007	4,714,947	4,325,355	91.7%	373,527	4,698,883	99.7%
2007	2008	5,351,361	4,889,249	91.4%	436,713	5,325,962	99.5%

## **Debt Capacity**

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

**City of Burton**  
**Ratios of Outstanding Debt**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Governmental Activities</b>										
General obligation bonds	\$ 9,514,329	\$ 8,153,292	\$ 6,847,350	\$ 7,577,040	\$ 6,413,520	\$ 5,515,000	\$ 4,790,000	\$ 4,070,000	\$ 3,300,000	\$ 2,725,000
Installment purchase agreements	-	-	-	-	-	-	-	-	87,910	43,955
Special assessment bonds	9,160,000	8,350,000	7,380,000	6,355,000	8,795,000	9,915,000	10,580,000	9,340,000	8,315,000	7,335,000
Capital leases	-	396,402	361,184	329,324	295,697	534,639	472,230	411,627	334,864	259,737
Total	18,674,329	16,899,694	14,588,534	14,261,364	15,504,217	15,964,639	15,842,230	13,821,627	12,037,774	10,363,692
<b>Business Type Activities</b>										
Revenue bonds	2,500,000	2,500,000	2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000	2,150,000	2,050,000
Total	2,500,000	2,500,000	2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000	2,150,000	2,050,000
Total debt of the government	\$ 21,174,329	\$ 19,399,694	\$ 17,088,534	\$ 16,736,364	\$ 17,929,217	\$ 18,339,639	\$ 18,142,230	\$ 16,046,627	\$ 14,187,774	\$ 12,413,692
<b>Total Residential Personal Income</b>	\$ 475,566	\$ 622,769	\$ 641,439	\$ 660,684	\$ 680,506	\$ 700,933	\$ 719,815	\$ 749,327	\$ 769,559	\$ 808,037
Ratio of total debt to personal income	2.25%	3.21%	3.75%	3.95%	3.80%	3.82%	3.97%	4.67%	5.42%	6.51%
<b>Total Population</b>	27,437	30,308	30,308	30,308	30,308	30,308	30,308	30,308	30,308	30,308
Total debt per capita	772	640	564	552	592	605	599	529	468	410

**City of Burton**

**Ratios of General Bonded Debt Outstanding**

Fiscal Year	Other general obligation debt	Less pledged debt service funds	Net general bonded debt	Taxable value	Debt as a percentage of taxable value	Population	Debt per capita
1999	9,514,329	161,000	9,353,329	474,350,850	1.97%	27,437	341
2000	8,153,292	142,000	8,011,292	498,744,410	1.61%	30,308	264
2001	6,847,350	152,000	6,695,350	532,028,794	1.26%	30,308	221
2002	7,577,040	110,000	7,467,040	570,754,660	1.31%	30,308	246
2003	6,413,520	75,000	6,338,520	601,535,170	1.05%	30,308	209
2004	5,515,000	87,000	5,428,000	626,680,500	0.87%	30,308	179
2005	4,790,000	109,000	4,681,000	660,690,750	0.71%	30,308	154
2006	4,070,000	109,000	3,961,000	696,872,740	0.57%	30,308	131
2007	3,300,000	142,036	3,157,964	743,847,191	0.42%	30,308	104
2008	2,725,000	51,723	2,673,277	776,406,804	0.34%	30,308	88

**City of Burton****Direct and Overlapping Governmental Activities Debt**

Governmental unit	Debt outstanding	Estimated % applicable	of direct, indirect and overlapping debt
Mott Community College	\$ 75,725,000	6.2%	\$ 4,725,240
Genesee County	97,736,736	6.6%	6,401,756
School Districts	177,675,515	19.0%	33,762,961
Bishop Airport Authority	10,555,000	6.6%	<u>691,353</u>
Total overlapping debt	361,692,251		45,581,310
Direct City debt	12,110,000	100.0%	12,110,000
Indirect City debt	240,000	100.0%	<u>240,000</u>
Total direct, indirect and overlapping debt	374,042,251		\$ 57,931,310



**City of Burton**  
**Legal Debt Margin**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Calculation of Debt Limit:</b>										
Assessed valuation	\$ 505,009,580	\$ 544,486,470	\$ 591,984,214	\$ 647,025,020	\$ 601,622,170	\$ 755,775,440	\$ 802,366,390	\$ 853,007,580	\$ 906,771,512	\$ 930,095,945
10% of assessed value	50,500,958	54,448,647	59,198,421	64,702,502	60,162,217	75,577,544	80,236,639	85,300,758	90,677,151	93,009,595
<b>Calculation of Debt Subject to Limit:</b>										
Total debt	21,174,329	19,399,694	17,088,534	16,736,364	17,929,217	18,339,639	18,142,230	16,046,627	14,187,774	12,413,692
Less: debt not subject to limit:										
Special assessment bonds	9,160,000	8,350,000	7,380,000	6,355,000	8,795,000	9,915,000	10,580,000	9,340,000	8,315,000	7,335,000
Revenue bonds	2,500,000	2,500,000	2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000	2,150,000	2,050,000
Capital leases	-	396,402	361,184	329,324	295,697	534,639	472,230	411,627	334,864	259,737
Exempt general obligation debt	8,629,329	7,368,292	6,142,350	5,177,040	4,143,520	3,400,000	2,830,000	2,260,000	1,640,000	1,200,000
Net debt subject to limit	<u>\$ 885,000</u>	<u>\$ 785,000</u>	<u>\$ 705,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,270,000</u>	<u>\$ 2,115,000</u>	<u>\$ 1,960,000</u>	<u>\$ 1,810,000</u>	<u>\$ 1,747,910</u>	<u>\$ 1,568,955</u>
Legal debt margin	49,615,958	53,663,647	58,493,421	62,302,502	57,892,217	73,462,544	78,276,639	83,490,758	88,929,241	91,440,640
Net debt subject to limit as % of debt limit	1.75%	1.44%	1.19%	3.71%	3.77%	2.80%	2.44%	2.12%	1.93%	1.69%

**City of Burton**  
**Pledged-revenue coverage**

Fiscal year	Water and Sewer Revenue Bonds						Special assessment bonds			
	Gross revenues	Applicable expenses	Net revenues	Debt service		Coverage	assessment collections	Debt service		Coverage
				Principal	Interest			Principal	Interest	
1999	3,760,683	3,357,668	403,015	-	131,814	3.06%	871,606	2,025,873	836,309	30.45%
2000	3,787,077	3,221,589	565,488	-	121,675	4.65%	1,259,921	2,171,037	947,844	40.40%
2001	5,026,299	3,971,515	1,054,784	-	121,675	8.67%	1,622,467	2,275,912	801,194	52.73%
2002	4,890,198	4,393,819	496,379	25,000	121,137	3.40%	1,615,069	2,095,310	674,047	58.32%
2003	5,122,686	4,671,699	450,987	50,000	119,863	2.66%	1,010,984	2,168,520	657,920	35.77%
2004	5,290,877	5,065,458	225,419	50,000	117,675	1.34%	496,260	1,803,521	625,158	20.43%
2005	5,419,142	5,127,772	291,370	75,000	114,906	1.53%	911,242	1,830,062	648,011	36.77%
2006	5,824,374	5,077,664	746,710	75,000	111,181	4.01%	1,533,535	1,240,000	360,312	95.83%
2007	6,468,197	5,447,288	1,020,909	75,000	108,100	5.58%	930,343	1,025,000	318,116	69.27%
2008	6,554,043	5,849,271	704,772	100,000	103,875	3.46%	522,440	980,000	281,651	41.41%

## **Demographics and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**City of Burton**  
**Demographic and Economic Statistics**

Fiscal year	Population	Personal income		Per Capita	Unemployment rate (2)
		(in thousands)	Personal Income (1)	Personal Income (1)	
1999	27,437	\$ 475,566	\$ 17,333		3.0%
2000	30,308	622,769	20,548		3.6%
2001	30,308	641,439	21,164		5.6%
2002	30,308	660,684	21,799		6.0%
2003	30,308	680,506	22,453		7.1%
2004	30,308	700,933	23,127		8.3%
2005	30,308	719,815	23,750		7.8%
2006	30,308	749,327	24,724		6.9%
2007	30,308	769,559	25,391		7.4%
2008	30,308	808,037	26,661		8.7%

Sources:

- (1) U.S. Department of Labor Bureau of Labor Statistics <http://www.bls.gov/>.
- (2) State of Michigan Department of Labor & Economic Growth <http://www.milmi.org/>.

**City of Burton**  
**Principal Employment Industries**

Industry	2008	Percentage of total	1999	Percentage of total
	Number of Jobs (1)		Number of Jobs (1)	
Trade, Transportation, and Utilities	31,200	21.47%	34,400	19.87%
Education and Health Services	25,200	17.34%	22,400	12.94%
Government	23,600	16.24%	24,800	14.33%
Manufacturing	14,200	9.77%	36,500	21.09%
Leisure and Hospitality	16,100	11.08%	15,500	8.95%
Professional and Business Services	13,200	9.08%	14,500	8.38%
Financial Activities	7,000	4.82%	7,300	4.22%
Other Services	6,000	4.13%	6,600	3.81%
Natural Resources, Mining, and Construction	5,000	3.44%	7,500	4.33%
Transportation Warehousing and Utilities	3,800	2.62%	3,600	2.08%
Total	<u>145,300</u>	<u>100.00%</u>	<u>173,100</u>	<u>100.00%</u>

Notes:

(1) Source: Bureau of Labor Statistics (Non-Farm Employment). Number of jobs is presented for the Flint metropolitan area which includes Genesee County.

## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs.

**City of Burton**  
**Full-time Equivalent Government Employees**

Function/ program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government:										
Mayor	4	4	3	4	4	3	3	3	3	4
Clerk	4	3	3	3	3	3	3	4	4	4
Treasurer	6	5	5	5	5	5	5	5	6	6
Controller	4	4	4	4	4	3	4	4	3	3
Assessor	3	3	3	3	3	3	2	3	3	3
City Hall	1	2	2	2	2	3	3	1	1	1
Information Technology	-	-	1	1	1	1	1	1	1	1
Senior Citizens	1	1	1	1	1	1	1	1	1	2
Public safety:										
Police	43	45	47	47	46	45	40	41	44	48
Fire	3	3	3	3	3	3	3	3	3	3
Building	6	6	5	6	5	6	5	5	5	4
Public works:										
DPW	4	4	4	4	3	3	2	2	2	2
Streets	5	5	5	5	8	9	11	11	12	11
Water and sewer	13	14	14	15	15	15	15	16	13	13
Total	97	99	100	103	103	103	98	100	101	105

**City of Burton**  
**Operating Indicators**

Function/ program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Election data (1)										
Registered voters	20,070	20,831	20,788	19,638	20,077	21,300	21,434	21,745	21,938	23,052
Voters (at the polls or absentee)	5,356	12,432	3,724	8,579	5,959	14,271	4,414	3,565	10,826	2,205
Percent voting	26.69%	59.68%	17.91%	43.69%	29.68%	67.00%	20.59%	16.39%	49.35%	9.57%
Police (2)										
Physical arrests	N/A	1,083	1,139	1,045	1,012	1,226	3,290	3,169	4,014	4,810
Traffic violations	N/A	3,264	3,115	4,366	3,802	5,745	3,331	3,705	3,608	4,716
Investigations	N/A	3,694	3,833	3,779	3,392	3,265	3,998	4,178	4,136	4,540
Fire (3)										
Fire runs	694	655	677	675	864	688	593	599	582	603
Inspections	N/A	N/A	N/A	186	160	117	231	245	158	292
Public works (4)										
Miles of street resurfaced	29.19	18.98	0.58	1.43	1.29	4.34	4.49	3.76	3.64	3.13
Potholes repaired	30,315	30,325	34,589	35,570	45,050	45,395	46,958	47,223	47,233	47,130
Refuse collected (tons)	11,272	11,563	11,690	11,809	11,916	12,050	12,183	12,336	12,435	12,432
Parks and recreation (5)										
Recreation program attendance	N/A	N/A	N/A	N/A	N/A	472	555	493	598	589
Library (6)										
Circulation (books borrowed)	93,509	93,509	93,509	93,509	93,509	93,509	139,801	226,040	211,591	245,210
Collection volume	40,000	40,000	40,000	40,000	40,000	40,000	65,688	82,204	71,391	66,489
Water (4)										
Number of customers billed	6,113	6,248	6,395	6,454	6,510	6,635	6,775	6,885	6,956	6,973
Total consumption (thousands of gallons)	661,849	524,770	552,206	601,902	649,845	610,581	631,507	565,316	597,151	630,754
Average consumption per user (thousands of gallons)	108	84	86	93	100	92	93	82	86	90
Sewer (4)										
Number of customers billed	11,840	11,977	12,089	12,131	12,197	12,314	12,618	12,732	12,803	12,816
Average daily sewage consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	1,447	1,415	1,454	1,434	1,436

Sources:

- (1) City of Burton Clerk's Office.
- (2) City of Burton Police Department.
- (3) City of Burton Fire Department.
- (4) City of Burton Department of Public Works.
- (5) City of Burton Parks & Recreation Department.
- (6) Genesee District Library.



**City of Burton**  
**Capital Asset Statistics**

Function/ Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	N/A	12	14	14	13	12	13	13	14	16
Fire (2)										
Stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	11	12	12	12	11	11	11	11	11	11
Public works (3)										
Streets (miles):										
Major streets	22.7	22.7	33.4	33.4	69.2	72.3	71.5	71.5	71.5	71.5
Local streets	91.8	91.8	97.2	100.9	100.9	99.1	105.8	106.8	106.8	106.4
Streetlights	2,466	2,487	2,508	2,515	2,605	2,611	2,676	2,762	2,788	2,792
Traffic signals	13	13	13	13	54	54	54	54	54	54
Parks and recreation (4)										
Acreage	25	25	65	65	65	65	65	102	102	102
Developed parks/ playgrounds	3	3	3	4	4	4	4	4	4	4
Developed fields (soccer, baseball, etc)	-	-	-	-	-	-	-	-	-	-
Libraries (5)										
Branches	2	2	2	2	2	2	2	2	2	2
Water (3)										
mains (miles)	88.6	91.5	98.3	99.5	101.9	105.0	109.0	110.0	110.0	110.0
Fire hydrants	942.0	960	980	1,005	1,005	1,110	1,265	1,280	1,280	1,280
Storage capacity (gallons)	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Sewer (3)										
Miles of sanitary sewers	157.2	158.3	159.0	159.8	161.4	164.0	166.0	166.2	166.2	166.2
Miles of storm sewers	14.9	15.0	15.0	15.0	15.0	15.0	20.0	21.0	21.0	21.0
Consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	528,113	516,476	530,752	523,283	523,970

Sources:

- (1) City of Burton Police Department.
- (2) City of Burton Fire Department.
- (3) City of Burton Department of Public Works.
- (4) City of Burton Parks & Recreation Department.
- (5) Genesee District Library.

# **City of Burton**

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**Report to the City Council**  
**June 30, 2008**



**Plante & Moran, PLLC**

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To the City Council  
City of Burton

We have recently completed our audit of the basic financial statements of City of Burton (the "City") for the year ended June 30, 2008. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the City:

	<u>Page</u>
<b>Report on Internal Control</b>	1-2
<b>Results of the Audit</b>	3-5
<b>Other Recommendations</b>	7
<b>Informational - Legislative Matters, Etc.</b>	9-11

We are grateful for the opportunity to be of service to the City of Burton. Should you have any questions regarding the comments in this report, please do not hesitate to call.

*Plante & Moran, PLLC*

December 9, 2008

## Report on Internal Control

December 9, 2008

To the City Council  
City of Burton

Dear Council Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the City of Burton's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards are to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this **Report on Internal Control** will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the City of Burton as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be

To the City Council  
City of Burton

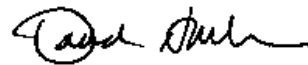
prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

**Accounting Adjustments** - The Controller and staff did an outstanding job in closing the City's general ledger and making all accrual entries necessary. There were two entries (significant in amounts relative to each respective fund) that were needed to correct the accounting for certain items. One affected the Local Street fund to correct a year end journal entry related to the City-wide gravel project. The other fund adjustment needed affected the Downtown Development Authority component unit fund to record an accounts payable at year end. Because these amounts were significant to each individual fund the adjustments technically meet the definition of a significant deficiency and we are required to communicate this to you.

This communication is intended solely for the information and use of management, the council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**Plante & Moran, PLLC**

A handwritten signature in black ink, appearing to read "Tadd Harburn", written in a cursive style.

Tadd Harburn, CPA

## **Results of the Audit**

December 9, 2008

To the City Council  
City of Burton

We have audited the financial statements of the City of Burton for the year ended June 30, 2008, and have issued our report thereon dated December 9, 2008. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated September 9, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the City of Burton. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 3, 2008.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Burton are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008.

To the City Council  
City of Burton

We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the estimated useful lives of capital assets.

Management's estimate of the useful lives of capital assets is based on the history of useful lives of similar capital assets. We evaluated the key factors and assumptions used to develop the estimated useful lives of depreciable assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There was one uncorrected misstatement in the financial statements. At the Government-wide level accrued interest on governmental activities debt in the amount of \$107,000 was not recorded. Management has determined that its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

To the City Council  
City of Burton

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 9, 2008.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

In the normal course of our professional association with the organization we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the organization, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the organization’s auditors.

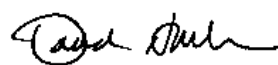
### **Other Information in Documents Containing Audited Financial Statements**

Our responsibility relates to the organization’s financial statements and other information as identified in the auditor’s report. We have no responsibility for any other information that may be included in documents containing those audited statements. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. We read the Management’s Discussion and Analysis, introductory section, and statistical section of the Comprehensive Annual Financial Report and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

This information is intended solely for the use of City Council and management of the City of Burton and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**Plante & Moran, PLLC**



Tadd Harburn, CPA



## **Other Recommendations**

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### *Capitalization Policy for Capital Assets*

The City currently does not have a formal policy relative to the threshold to be used to capitalize purchases of capital assets. Management is using a threshold of \$750. We recommend that the Council adopt a formal policy establishing a threshold for the capitalization of capital assets purchased or constructed.

## **Informational**

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From a financial perspective, the City's most important focus in the current year will be the continued review of the current budget and planning for the 2009-10 budget and beyond to determine the appropriate balance of level of services and property tax contribution and user fees required by your residents. While you undertake this process, we also have some relatively minor items to also keep in mind:

### **Retiree Healthcare Benefits and GASB No. 45**

As discussed in past years, the City is required to implement GASB No. 45 for the year ending June 30, 2009. GASB No. 45 requires a governmental unit to measure its retiree healthcare liability through actuarial valuations that are to be performed at least biennially. These valuations compute an annual required contribution (ARC). The City has begun to accumulate resources (established a separate trust fund and make contributions over and above the current health care premiums paid annually) to fund its obligation for retiree health care earned by current employees. The City, like most other governmental units, will need to evaluate what level of contributions can be made compared to the ARC that is actuarially determined. The current actuarial report indicated that the ARC for the year ended June 30, 2009 is \$1.67 million. The City contributed \$269,083 during the year ended June 30, 2008.

### **Property Taxes and Taxable Value Changes**

The City's future budget forecasts will have to deal with a general decline in the entire real estate market. You may have already seen a decline as a result of the soft market, and you will need to be able to react to a potential of 2-4 years of continuing weak taxable values.

As a response to the situation with the real estate market, legislation is being discussed in Lansing to adjust the mechanics of the general property tax act. The nature of the legislation has ranged from the suspension of the "pop-up" or increase in taxable value that occurs when a property sells or a "super cap" on taxable value that prohibits an increase in taxable value when market values are declining. The outcome of this legislation could also have a significant impact on the City.

### **Change in Investment Act**

Public Act 213 of 2007, adopted at the end of 2007 requires local governments to perform their investment reporting **quarterly** to the governing body. The investment of surplus monies by Michigan local governments is controlled by Public Act 20 of 1943. The Act previously required investment reporting annually. It is suggested that the required quarterly reports list investments by institution along with maturity dates and interest rates.

### **Recent Revisions to State Transportation Funding Program**

Current legislation modified Act 51 to allow local governments to transfer monies from their Major Street Fund (MSF) to their Local Street Fund (LSF) at a level of 50 percent of annual major street funding received. In addition, greater than 50 percent can be transferred. However, the amended law requires that certain conditions be met to allow for a transfer in excess of 50 percent including the adoption of an asset management process for the Major and Local Street systems as well as a detailed resolution passed by the City. It is important to note that major street monies transferred for use on local streets can not be used for construction but may be used for preservation. Current legislation also includes a pilot program that would allow for the combination of the Major Street Fund and the Local Street Fund if certain conditions are met.

In the current instructions to the Act 51 reports, MDOT has stipulated that these transfers from the MSF to the LSF will not be allowed after 12-31-08, except to the extent matched by local revenues expended by the city or village of the major street system. It is unclear whether the actual legislation that allows this transfer (MCL Section 247.663(12) of PA 51 of 1951, as amended) is set to expire at the end of the year. Local governmental units should, however, be aware of this potential sunset and take appropriate action prior to 12-31-08 to make transfers that are allowable through this date.

### **Fair and Accurate Credit Transactions**

The Fair and Accurate Credit Transactions ACT was passed in 2003, with final regulations published at the end of 2007. These FTC rules, and more specifically the Red Flag Rules encompassed in them, MAY be applicable to municipal utility systems. The rules, put in place as a measure to protect against identity theft, indicate that a “creditor” with a “covered account” must implement a written identify theft prevention program to detect, prevent and mitigate identity theft in connection with the opening of a covered account or any existing covered account.

Under the rules, a creditor is defined very broadly, encompassing any entity that defers payment for goods and services, as defined under the Red Flag Rules. This most likely includes municipalities that “defer payments” by their utility customers when water, sewer, electric, gas, trash and the like are sold to customers day-by-day but paid for at the end of the billing cycle.

The act would require written policies and procedures to be put in place to identify and follow up on red flags. Red flags, just as an example, would be the presentation by the customer of suspicious personal information that is inconsistent with external sources or suspicious documents provided for identification that appear to be alerted. The regulations appear to be flexible so that each government would have the ability to design an identity theft program that is tailored to its particular operation, given its size, technology currently utilized, and the perceived risk of identity theft in its community.

We understand that recent action has pushed back the required implementation date of this act, to allow creditors more time to put these new systems in place. We encourage you to follow up with legal counsel if you believe this Act may apply to your governmental unit.

### Other Legislative Items

- Multiple bills are pending in Lansing that would make changes to investment laws governing Michigan communities. Changes have been proposed to add different types of investments to what is commonly referred to as “Public Act 20” which governs the investment of surplus operating monies. Changes are also being proposed to the laws governing the investment of retirement monies.
- A bill is pending in the Michigan Legislature regarding retainages held by governmental units. Retainages are a common method used by local governments in procurement, particularly in the area of construction contracts. The law change focuses on reducing the retainage amount that a local government could require and stipulate the payment of interest on these monies among other provisions.
- Efforts continue in the wake of the *Bolt* case to provide a means for local units of government to engage in rate making to finance the cost of utility operations, particularly that of storm water. Senate Bill 1249 has been introduced to address the tests included in the *Bolt* decision on whether a charge is really a fee or a tax.